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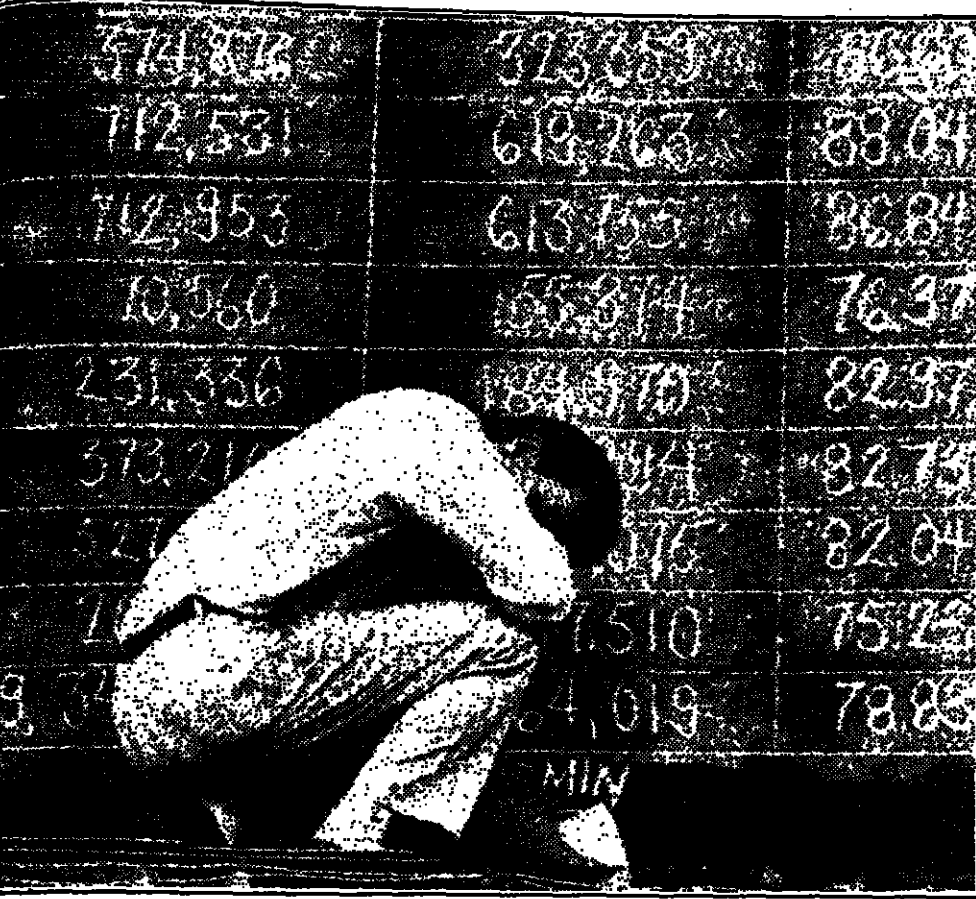
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PARIS, WEDNESDAY, FEBRUARY 4, 1987

ESTABLISHED 1887



A member of a private monitoring agency took a break Tuesday in Manila during ballot counting. Unofficial results showed the constitution winning 78.51 percent of the votes.

## Indicators Soar 2.1% In U.S.

### But Analysts Cite Year-End Factors In Big Increase

Compiled by Our Staff From Dispatches

WASHINGTON — The U.S. government's main gauge of future economic activity rose a sharp 2.1 percent in December compared with November, the biggest gain in almost four years, largely because of temporary increases in building permits and borrowing.

The rise in the Commerce Department's Index of Leading Indicators, which is designed to predict economic activity three to five months ahead, was the fourth in as many months and followed a revised 0.9-percent gain in November. The November rise had originally been reported as 1.2 percent.

But analysts, who had been expecting a strong December performance, cautioned against reading too much into it. They said the December figure reflected several temporary factors, such as a year-end rush to beat changes in U.S. tax law, rather than any significant long-term economic rebound.

In separate reports that provided more apparent good news for the government, the department said Tuesday that new orders for non-military goods rose 4.4 percent in December, the best showing since September 1980, while the U.S. housing industry had its best year since 1978.

The economic reports, however, did little to help the dollar, which slid again Tuesday. (See Page 15.)

The December advance in the leading indicators was the largest since a 3.1-percent gain in January 1983, when the U.S. economy was beginning to pull out of the 1981-82 recession.

The biggest influence on the index came from a huge increase in building permits. But this largely reflected a rush by builders in California to obtain permits before higher fees took effect on Jan. 1.

Another influential factor was a large rise in business and consumer credit. Analysts said consumers sought to take advantage of sales-tax deductions and corporations bought capital equipment before the tax law expired.

See MILITARY, Page 2



PROTEST IN BEIRUT — Fiyal Polhill, right, wife of Robert Polhill, one of four professors kidnapped late last month, leading a protest march Tuesday in Beirut. Terry Waite, the missing British church envoy, was reported to still be in West Beirut. Page 2.

## Iran Calls Journalist Zionist Spy

### But One Report Says Seib Will Be Freed Soon

Compiled by Our Staff From Dispatches

NICOSIA — Iran's official radio said Tuesday that Gerald F. Seib, the detained Wall Street Journal correspondent, was being held as a "spy of the Zionist regime."

Tehran radio also said that the United States had officially asked Iran to release Mr. Seib, but did not say when or how the U.S. request had been made and gave no other details.

The South-North News Service, a U.S.-based organization that specializes in covering developing countries, reported Tuesday that Mr. Seib would be freed within 48 hours.

A dispatch from its Tehran correspondent, quoting a source in the Iranian Intelligence Ministry, said that Mr. Seib was expected to be released to the Swiss Embassy and to leave Iran on a regular Swissair flight to Zurich.

The dispatch gave no immediate explanation for the decision.

The Tehran radio report was the first instance in which Iran officially confirmed the arrest of Mr. Seib. He was detained by the Iranian authorities on Saturday night.

Mr. Seib, 30, was one of more than 50 foreign journalists invited to Iran last week for a tour of the war front with Iraq. He had spent 10 days in Iran before he was seized.

Following his detention, Iran's official Islamic Republic News Agency said that a "spy of the Zionist regime" had been arrested after entering the country with a false passport and disguised as a journalist. It did not identify the person by name or nationality.

Tehran radio said Tuesday that Mr. Seib was the "spy of the Zionist regime" who had come to Iran disguised as a journalist.

A Foreign Ministry spokesman in Tehran, asked if the U.S. request that Mr. Seib be freed had been made through the ministry, replied, "I haven't heard anything."

The spokesman said Mr. Seib carried a U.S. passport, "but intelligence authorities say it is forged." Earlier a spokesman for The Wall Street Journal had said that such allegations were false.

Warren H. Phillips, chairman and chief executive of the newspaper, said Monday efforts were being made through diplomatic channels to gain Mr. Seib's release.

The Swiss Embassy in Tehran, which has handled U.S. interests since Washington broke relations with Tehran in 1980 following the takeover of the U.S. Embassy in Tehran, declined to comment on Mr. Seib's case. (AP, Reuters)

## U.S. Response Muted

Relatively low-key statements from the White House and the U.S. State Department appeared aimed at avoiding an exchange of charges with Tehran that might make it more difficult for the Iranian authorities to let Mr. Seib go promptly. The Washington Post reported from Washington.

A State Department spokesman, Charles E. Redman, said there had been no information through official channels of any formal charges filed against Mr. Seib. The Swiss Embassy "is protesting Seib's detention and demanding his immediate release," Mr. Redman said.

He declined to call Mr. Seib a hostage or to categorize his situation, adding that "the most I can say now is that his detention is simply unwarranted."

The chief White House spokesman, Martin Fitzwater, holding out the possibility that Mr. Seib was being held by mistake, said, "We remain hopeful that that would be recognized and that he would be released."

## LATE NEWS

### Police, Students Battle in Madrid

MADRID (Reuters) — Thirty policemen and six youths were hurt as Spanish students fought with police outside the parliament Tuesday night after Education Minister Jose Maria Maravall called their demands for social benefits and free access to universities unrealistic.

Seventeen persons were detained. Most of the injuries were minor, police sources said. Police used batons and water cannon against students who fought them with stones and bottles. Students have pressed their demands for two months with marches and boycotts.

### Vote to Override Veto

WASHINGTON (UPI) — The House voted on Tuesday, 401-26, to override President Ronald Reagan's veto of a \$20 billion clean water bill. A Senate vote that would make the bill law is expected this week.

## INSIDE TODAY



David Ryall as Arnolphe in Moliere's "School for Wives" at the National Theater in London. A review of the production appears on Page 5.

## GENERAL NEWS

■ Patrick J. Buchanan, the White House communications director, is resigning. Page 3.

■ Prime Minister Margaret Thatcher denied that she had ordered material seized from the BBC. Page 2.

■ The next CIA chief, Robert M. Gates, is expected to try to restrain covert actions. Page 3.

■ Richard N. Perle denied reports that he would resign from the Pentagon soon. Page 2.

## SPORTS

■ Stars & Stripes, after a day off Tuesday, was to take dead aim at an America's Cup sweep. Related stories: Page 17.

## BUSINESS/FINANCE

■ U.S. curbs on some high-tech exports may be eased, the trade representative said. Page 9.

■ Fesch & Co. bid \$1.7 billion to acquire American Medical International Inc. Page 9.

## Filipino Poll Fails to End Fears About the Military

By Michael Richardson

International Herald Tribune

MANILA — The proclamation of a new constitution for the Philippines will be assured when official results are announced later this week, but many Filipinos in government, politics and the media continued Tuesday to express concern about the armed forces' attitude toward the government of President Corason C. Aquino.

An unofficial tally of just more than half the vote, taken by the National Movement for Free Elections, a private monitoring agency, showed that the constitution had been approved on 78.51 percent of the ballots.

Edgardo Angara, chairman of the agency, predicted a final affirmative vote of at least 75 percent. The government interpreted these results as a clear mandate for Mrs. Aquino. Defense Minister Rafael M. Ilo said the vote "shows repudiation of the Communist claim" that the outlawed Communist Party "has the support of the people."

"It is clear our position is gaining ground," Mr. Ilo added.

But Ninco Cacho-Olivares, a columnist for the newspaper Business Day, wrote Tuesday that the issue still to be determined following Monday's plebiscite was "which authority is supreme: that of the civilian government or that of the military?"

General Fidel V. Ramos, the armed forces chief of staff, was questioned in a televised panel discussion Monday night about the alleged rifts between the government and the armed forces, and within the military itself.

He said that the military was a "cohesive and generally united"

## U.S. Blast Could End Soviet Ban

By R. Jeffrey Smith

Washington Post Service

WASHINGTON — The United States conducted its first underground nuclear test of 1987 in the Nevada desert on Tuesday.

The test, at a site 86 miles (about 140 kilometers) northwest of Las Vegas, was denounced by the Soviet Union, which had said earlier that it would resume its own nuclear testing, after an 18-month unilateral moratorium, with the first U.S. test of the year.

In a statement from Moscow, the official press agency Tass said the blast had confirmed the U.S. administration's "intention to follow a dangerous course for the escalation of the nuclear arms race," and called it a challenge to "world opinion."

The Reagan administration had repeatedly declined Soviet offers to join the Soviet moratorium or to conduct bilateral negotiations on a comprehensive nuclear test ban, contending that continued testing is essential to strategic deterrence and the invention of new nuclear weapons.

The blast, which news agencies said had a yield of less than 20 kilotons, also was criticized by several U.S. congressmen, who said it would generate additional support for a resolution in the House Democratic caucus on Wednesday calling for U.S. participation in the Soviet test moratorium.

Representative Edward J. Markey, Democrat of Massachusetts, said that Tuesday's test "guarantees we are now going to re-enter the cycle of nuclear testing" by both superpowers, and criticized

See TEST, Page 2

## Smog Alert In Germany

Reuters

HAMBURG — Authorities banned most private cars from the streets of Hamburg on Tuesday and ordered industry to reduce emissions after thick smog settled over this port city.

The smog, which also affected Bremen and Berlin in the past few days, was attributed to sulphur dioxide and sulphur dust emissions that built up in the atmosphere over northern Germany.

The Hamburg police set up road blocks and towed streets in loudspeaker vans telling drivers to park their cars and use public transport. A city official said drivers who ignored the ban would be fined 80 Deutsche marks (about \$44).

Cars fitted with catalytic converters were exempted.

The state environment ministry said the pollution came from East German coal-burning power stations in Leipzig and Halle.

In West Berlin, authorities lifted a ban on the use of private cars that had been in force since Sunday because of smog.



A Hamburg policeman, wearing a face mask, telling a driver Tuesday that cars are banned because of smog.

## Golfers in Kabul Make a 'Hole' in One War

By Philip Taubman

New York Times Service

KHAROGAH, Afghanistan — Long before the government called recently for a cease-fire, the war in Afghanistan always paused on Friday mornings in the hills just outside the city limits of Kabul.

The informal weekly truce was arranged by the government and the guerrillas so Western diplomats in the capital could come to Kharogah to play golf.

On a recent morning, as a bright sun climbed into the sky, a visitor could not help wondering if he had wandered into the pages of an Evelyn Waugh novel as he walked the golf course with Michael Regan, a first secretary at the British Embassy, and Ragnar Gudmundsson, a United Nations development officer from Iceland who is stationed in Kabul.

The course has nine greens and nine fairways but 18 tees, so it can be played backward and forward for a total of 18 holes. It also has challenges and hazards that Jack Nicklaus could hardly imagine.

Some come with the terrain, an acid valley of undulating hills that can hardly support grass, much less a finely groomed golf course.

The fairways, expanses of hard-packed earth, are littered with

stones, thistles, open wells and Broddingmagian antbills.

The greens are made of sand, which an aged Afghan caretaker sweeps smooth with a doormat attached to the end of a stick.

Needless to say, there are no man-made sand traps.

"I haven't a clue where the ball is, do you?" Mr. Regan asked at one point, after his drive had disappeared into a ditch.

Moments later, Mr. Gudmundsson, hitting out of some particularly wild rough on the sixth fairway, drilled his ball into a boulder and ducked as it ricocheted into the air.

Then there are peculiarities associated with the war. An errant shot

may wind up in a hole gouged out by a tank, or the ball can carom off such unforeseen hazards as the automatic rifle shell found by a caddy.

Players who have difficulty spotting the greens can line up some approach shots by means of the barrel of an Afghan Army artillery piece that sits atop one of the hills overlooking the course.

The clubhouse, a two-story white building on a ridge, has a commanding view of the course and the distant mountains but has seen better days. A Soviet tank, returning last year from combat in the mountains, backed into the building, toppling part of the balcony.

No one has been wounded while playing golf, but one member did play in a bulletproof vest, Mr. Regan said.

Not easily deterred, the 16 members of the Kharogah Golf Club, as the course is formally known, schedule annual tournaments, maintain scoring records, pay \$75 annual dues and have a club board.

Mr. Regan said that "we hope to take our handicaps back to our home clubs," but that could be a problem since no one seemed to know the course's length or its par. A good guess seemed to be about 6,500 yards (about 5,900 meters) and par 72.

Given the various hazards, a good score appeared to be anything under 90. That would not count the unavoidable penalty stroke for extricating a ball from antbills or tank tracks.



Ragnar Gudmundsson, a UN development officer from Iceland, playing on the course at Kharogah, Afghanistan.



## U.S. Puts More Ships, Marine Unit Near Beirut

Reuters

WASHINGTON — The United States moved five more navy ships and a second 1,900-man marine assault force into the Mediterranean on Tuesday, but administration officials said it was unlikely the military would take action to help American hostages in Lebanon.

In Beirut, a Moslem political source said Tuesday that Terry Waite, the missing British church envoy, was still in Moslem-controlled West Beirut.

A strike in West Beirut on Tuesday that was called to protest recent kidnappings at a university disrupted normal activity there.

Robert B. Sims, the Pentagon's chief spokesman, said the amphibious assault ship Incheon and four escorts were sent into the western Mediterranean from Rota, Spain, increasing the U.S. 6th Fleet force in the area to 25 combat ships and 10 support vessels.

The fleet includes two aircraft carrier battle groups totaling about 20 ships and a 1,900-man marine assault group in the eastern Mediterranean that is keeping a watch on Lebanon.

Administration officials, who asked not to be identified, said that military action to help American hostages in Lebanon was unlikely. "Extrajudicial groups have threatened to kill the captives if the United States takes military action. At least eight Americans are believed to be held."

"Our movements of ships are cautionary in nature," Mr. Sims said. "It is prudent to do so given the increase in tensions in the area" and "to allow the president to examine the full range of options available to him."

Mr. Sims would not comment further on deployments of the aircraft carriers *Nimitz* and *John F. Kennedy* in the eastern Mediterranean or the *Kitty Hawk* in the Indian Ocean. But Pentagon officials said earlier they expected the *Kitty Hawk* to begin operating in the northern Arabian Sea, off Saudi Arabia.

"You can talk about 'options' all you want," an administration official said, "but I don't see us doing a thing to endanger those people."

"What could you realistically do that would not put hostages in additional danger?" another official asked.

The Moslem political source in Beirut, who spoke on the condition that he not be identified, said of Mr. Waite, "All the information indicates he is still held in West Beirut." Some reports had said he had been taken out of the city.

On Monday, a radical pro-Iranian Shiite leader, Hussein Musawi, denied reports that Mr. Waite had been taken to the Syrian-controlled Bekaa Valley in eastern Lebanon.

Mr. Waite arrived in Lebanon on Jan. 12 on a mission to try to win freedom for Western hostages, especially two Americans believed held by the pro-Iranian Islamic Jihad group, Terry A. Anderson, a journalist, and Thomas M. Sutherland, agriculture dean at the American University of Beirut. The Anglican envoy has been missing since Jan. 20.

The British ambassador to Lebanon, John Gray, said his embassy had no firm news about Mr. Waite but was pursuing contacts with Moslem militiamen in West Beirut to try to determine where he was.

West Beirut stores, schools, universities and banks were closed Tuesday in response to a strike called by students and faculty at Beirut University College to protest the Jan. 24 abduction of four teachers, three Americans and an Indian with U.S. resident alien status.

On Monday night, Islamic Jihad for the Liberation of Palestine repeated its threat to kill the four professors unless Israel freed 400 jailed guerrillas within a week.

Israeli officials have said Israel will not comply with the demand.

## For \$10,000, Bacon With Bentsen

### Senator Doubles Going Rate for Power Breakfasts

By Thomas B. Edsall

Washington Post Service

WASHINGTON — Senator Lloyd Bentsen, Democrat of Texas, the new chairman of the Senate Finance Committee, has offered 200 Washington lobbyists and directors of political action committees the opportunity to have breakfast with him once a month at a cost of \$10,000 each.

Mr. Bentsen told the lobbyists last week that the \$10,000, which would go into his 1988 re-election campaign fund, would give them membership in his exclusive "Chairman's Council."

"I will be relying on members of the Chairman's Council for advice, assistance and early financial support crucial to a successful campaign," he wrote in a letter inviting the lobbyists to a Jan. 29 breakfast briefing on the council at a Washington hotel.

Mr. Bentsen, whose chairmanship gives him a major role in the writing of tax and trade legislation, faces no known strong re-election opposition. He told the lobbyists and action committee directors, however, that he expected the Texas Republican Party to field a tough, well-financed challenger.

As of Monday afternoon, about 40 lobbyists and committee directors had signed up for the council, in a system that requires them to put up \$5,000 now and another \$5,000 by June 1, to cover the 1987-88 election cycle.

Mr. Bentsen told the group that the purpose of the council is to talk about matters of trade and taxation and anything anyone wants to raise," said Patrick J. O'Connor, a Washington lawyer who was at the breakfast. "It was the strongest breakfast turnout I've ever seen."

Lawrence F. O'Brien 3d, a prominent Washington lawyer and tax specialist, said when

asked if he had attended the briefing, "Who didn't?"

Mr. O'Brien noted that the most political action committee is allowed to give a candidate is \$5,000 for a primary and \$5,000 for a general election.

Aides to Senator Bob Packwood, Republican of Oregon, who was chairman of both the Commerce and Finance committees when the Republicans controlled the Senate, said Mr. Packwood had a similar breakfast program as Commerce chairman, but for \$5,000.

One lobbyist said of the cost: "I feel it's kosher. The fact that the digits went up, that's the coin of Washington. He's the chairman."

Jack R. DeVore Jr., Mr. Bentsen's press secretary, said the senator had promised to limit the number of those attending each breakfast to 35 or 40. If more than 40 join, as seems likely, more

than one breakfast will be held each month. Mr. Bentsen will pay for the breakfasts, Mr. DeVore said.

opinions on international security issues. He said NATO leaders usually resorted to "misty blather" in speaking out on issues, such as criticism of the Soviet Union.

On Monday, a White House spokesman announced that Mr. Reagan did not support the criticism by Mr. Perle of the European allies.

Mr. Perle denied that the White House comment amounted to a reprimand. "Presidents and assistant secretaries of state have different roles, and it is best for both of them to keep them in mind," he said.

The thrust of his speech, he said, was that many European leaders, for political reasons, shunned telling what he called "the unvarnished truth" about the Soviet Union. "Then we're surprised at how well Gorbachev is doing in the propaganda war," he said, referring to the Soviet leader, Mikhail S. Gorbachev.

He said that "when the allies fail to speak out over Soviet violations of arms control treaties, they make it impossible for our actions to be seen for what they are—a response to cheating."

He noted a Kremlin document of the unratified 1979 strategic arms limitation with the Soviet Union by deploying the 131st B-52 bomber armed with cruise missiles in November.

Mr. Dole accused Moscow of fla-

granting violating SALT-2 by deploying two new types of missiles and said Democrats who urged the continued observance of the treaty undermined the chances for a new arms accord.

In reply, Mr. Kurdyumov said Mr. Dole had cast himself in the unenviable role of gravedigger, and resorted to disinformation and falsification to justify the U.S. abandonment of SALT-2.

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Lloyd Bentsen

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## MILITARY: Concerns Remain

(Continued from Page 1)

that feelings of alienation and bitterness would lead to a broad-based military revolt against the government. But they did not rule out further attempts by some factions in the armed forces to destabilize the Aquino administration or to pressure for policy and personnel changes.

[Unofficial results indicated Tuesday that soldiers stationed in at least three major camps had voted against the new constitution, which places new limits on the role of the military, Agence France-Press reported.

In Fort Bonifacio, the Philippine Army headquarters, the vote against the constitution was 3,868 to 2,404, according to a government-sanctioned count by the vote monitoring agency. Negative votes prevailed by similar margins at Camp Aguinaldo, headquarters of the armed forces; at Camp Davao, the regional military command in the northern Philippines; and at the Philippine Military Academy.

Rene Saguisag, the presidential spokesman, said in a television interview last week that the Aquino administration had done much to improve conditions in the armed forces, and that it was committed to widened consultations on matters that affected the military, including the Communist insurgency.

Another presidential aide, who asked not to be identified, said he believed that "a really significant portion" of the military had been "politicized in the worst possible sense" during the 20-year rule of former President Ferdinand E. Marcos. This, he said, would take time to correct.

Through loyal military associates, Mr. Marcos controlled all important promotions and assignments in the army, navy, air force, paramilitary constabulary and police.

U.S. officials say they believe this system of political patronage and control was largely responsible for the deterioration in military discipline, morale and professional competence in recent years.

The absence of power that accompanied the decline alienated many civilians and helped the Communist insurgents extend their territorial control and political influence.

Analysts identify various fissures in the armed forces: between members of the Ilocos ethnic group favored by Mr. Marcos and non-Ilocos; between officers graduating from the military academy and those from elsewhere; and between enlisted men and noncommissioned officers.

Within the 13,000-man officer corps, three factions are generally identified: politically neutral professionals; a group associated with Juan Ponce Enrile, the former defense minister under Mr. Marcos and Mrs. Aquino, and a faction that remains loyal to Mr. Marcos.

In an interview Tuesday, Mr. Enrile asserted that the military was "in a state of fragmentation."

He said that a "division of thinking" over military and government policies extended from the ranks of junior- and middle-level officers into the top command. The division, Mr. Enrile said, centered on how to cope with insurgency.

Other sources confirmed that many officers, including those with field assignments, believed that the 60-day cease-fire that began in December had allowed the Communists to consolidate their military position and to extend their political influence at the expense of the armed forces.

Civilian officials have argued that the Aquino administration had to try to reach a negotiated settlement of the insurgency. Only in this way, they maintain, could the government establish a solid base of public support if the conflict is to be renewed because of Communist intransigence.

Mr. Enrile said that, with the truce expected to end next week-end, it was vital for that government improve relations with the military.

He headed a coalition of non-Communist opposition parties that campaigned against ratification of the constitution.

Yale Cost Rises 6% for '87

The Associated Press

NEW HAVEN, Connecticut — Tuition, room and board at Yale University will increase 6.1 percent in 1987-88 to \$17,020.

## Perle Denies He Is Leaving Pentagon

By Joseph Fitchett

International Herald Tribune

PARIS — Assistant Defense Secretary Richard N. Perle, who has had major influence on U.S. arms policy in the Reagan administration, denied Tuesday that he would resign following reports from Washington that he intended to leave imminently.

Questioned on whether he planned to leave his post soon, he said, "When I'm ready to go, I'll announce it." He would not say, however, whether he planned to remain until President Ronald Reagan leaves office in two years.

Mr. Perle, reached by telephone in Washington on his return from a trip to Europe, declined to speculate about the sources or motivation for the reports that his departure was imminent.

A strong critic of past arms control agreements with the Soviet Union, Mr. Perle has clashed frequently and publicly with other Reagan administration officials whom he described as naive on East-West issues or too often accommodating toward U.S. allies in Western Europe.

Mr. Perle, 45, whose title is assistant secretary for international security policy, said, "I have not written a letter of resignation and, until I do that, I'm at the job."

White House and Defense Department officials said Monday that Mr. Perle has told Defense Secretary Caspar W. Weinberger that he intended to resign. A Pentagon official said the timing had not been determined. A White House official said the resignation was expected "imminently," but another administration source said that Mr. Perle had previously threatened to quit but stayed.

Rumors of his departure have appeared frequently in the U.S. press in recent months. Some reports said that Mr. Perle wanted to leave office before the end of Mr. Reagan's term to write a book and do consulting work.

Mr. Perle also is reportedly interested in returning to private life in time to position himself as an ally of key Republican presidential candidates who are outside the administration before the 1988 election campaign begins.

The reports Monday of his imminent departure followed a speech he gave Sunday at an annual defense symposium in Munich. Mr. Perle assailed European leaders as being "mealy-mouthed" in their

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## Pravda Allots Regular Slot to Western Views

Reuters

MOSCOW — Pravda introduced a new feature on international affairs Tuesday and published the text of an article by Senator Bob Dole of Kansas that proclaims the SALT-2 treaty dead.

The Communist Party daily said the column, called "Looking from different angles," would appear regularly, and would feature comments by Western politicians on current affairs and replies from Soviet analysts.

Pravda has increasingly given space to Westerners in recent months. The commentaries were

always accompanied by the Soviet point of view.

Tuesday's edition gave equal space to the Republican minority leader, whose article was first published in The New York Times on Jan. 18, and to Pravda's commentator, Nikolai Kurdyumov.

"SALT-2 is dead and buried," Mr. Dole wrote, referring to the U.S. decision to exceed the limits of the unratified 1979 strategic arms limitation with the Soviet Union by deploying the 131st B-52 bomber armed with cruise missiles in November.

Mr. Dole accused Moscow of fla-

granting violating SALT-2 by deploying two new types of missiles and said Democrats who urged the continued observance of the treaty undermined the chances for a new arms accord.

In reply, Mr. Kurdyumov said Mr. Dole had cast himself in the unenviable role of gravedigger, and resorted to disinformation and falsification to justify the U.S. abandonment of SALT-2.

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## U.S. Says Iraq Is Gaining Initiative

Reuters

WASHINGTON — The Pentagon said Tuesday that Iraqi forces appear to have taken the initiative in the bloody fighting around Basra and have driven Iranian troops from a beachhead east of that key city in southern Iraq.

Robert B. Sims, a Pentagon spokesman, said fierce hand-to-hand combat still raged near Basra but Iranian forces appeared to have been pushed from a foothold on the western side of Fish Lake in one of the most bitter battles of the war that started in September 1980.

"There is nothing that has abated in that violent war," he said, "but there does seem to have been a stabilization in the last two or three

days with the initiative in the Basra area now being with the Iraqis."

The Iraqis "have also regained control of a man-made island in the Shatt-al-Arab waterway, which the Iraqis had taken earlier," Mr. Sims said.

He said Iranian forces still holding a five-square-mile (13-square-kilometer) area about six miles (nine kilometers) east of Basra, just inside the Iraqi border, but were no longer moving closer to the city.

Mr. Sims confirmed reports from the southern war front that the Iranian ground offensive apparently had become stalemated near Basra. Iran has said it is not trying to capture Basra but rather seeking to break Iraq's military might.

The Pentagon said last week that up to 45,000 Iraqis and 20,000 Iraqis had been killed or wounded in the fighting since Iranian forces crossed the border on Dec. 24 and drove toward Basra.

Defense Department officials, who asked not to be identified, said Tuesday that a small force of three U.S. frigates and destroyers remained on station in the northern Gulf, where they were sent last week to keep a close watch on the war.

Iraqi warplanes bombed targets in Iranian cities Tuesday and an Iranian surface-to-surface missile hit Baghdad. Tehran threatened further retaliatory action.

Within the 13,000-man officer corps, three factions are generally identified: politically neutral professionals; a group associated with Juan Ponce Enrile, the former defense minister under Mr. Marcos and Mrs. Aquino, and a faction that remains loyal to Mr. Marcos.

In an interview Tuesday, Mr. Enrile asserted that the military was "in a state of fragmentation."

He said that a "division of thinking" over military and government policies extended from the ranks of junior- and middle-level officers into the top command. The division, Mr. Enrile said, centered on how to cope with insurgency.

Other sources confirmed that many officers, including those with field assignments, believed that the 60-day cease-fire that began in December had allowed the Communists to consolidate their military position and to extend their political influence at the expense of the armed forces.

Civilian officials have argued that the Aquino administration had to try to reach a negotiated settlement of the insurgency. Only in this way, they maintain, could the government establish a solid base of public support if the conflict is to be renewed because of Communist intransigence.

Mr. Enrile said that, with the truce expected to end next week-end, it was vital for that government improve relations with the military.

He headed a coalition of non-Communist opposition parties that campaigned against ratification of the constitution.

Yale Cost Rises 6% for '87

The Associated Press

NEW HAVEN, Connecticut — Tuition, room and board at Yale University will increase 6.1 percent in 1987-88 to \$17,020.

U.S., Spain Renew Talks On Bases

Reuters

MADRID — U.S. and Spanish diplomats resumed talks Tuesday over the future of U.S. military bases in Spain. Both sides predicted that the negotiations would not end soon.

A diplomatic source close to the U.S. team negotiating on Spain's call for troop reductions said further talks were likely to be needed after this two-day round, the fourth since July.

A Spanish Foreign Ministry spokesman, Innocencio Arias, also indicated that more talks lay ahead.

Spanish negotiators said they were asking the United States to reply to proposals for sharp cuts in the number of troops stationed on Spanish territory under a treaty that expires in May 1988.

The Americans say they have no objection in principle to pulling out some of the 12,500 troops, but they want every mission now carried out by the departing units to be covered by the Spanish forces.

Spain's foreign minister, Francisco Fernandez Ordóñez, and the U.S. secretary of state, George P. Shultz, discussed the issue in Brussels in December.

## Thatcher Denies She Instigated BBC Search

Reuters

LONDON — Prime Minister Margaret Thatcher denied Tuesday that she had ordered the seizure of sensitive material from the British Broadcasting Corp., saying it was a matter for the police and the courts.

In heated exchanges in Parliament concerning police searches of the BBC's Glasgow office, Mrs. Thatcher rejected opposition charges that she was operating a "second-rate police state" bent on muzzling the press.

"This was clearly a criminal case under the Official Secrets Act," she said. The information seized by the police early Sunday related to a six-part series on intelligence and other secret activity in Britain.

A segment of the series dealing with a British spy satellite has been banned by Mrs. Thatcher's Conservative government.

"They say the government could direct the police, on that day the rule of law would die, and freedom would die," the prime minister said Tuesday.

The Liberal Party leader, David Steel, comparing the Glasgow searches to events in Eastern Europe, said: "This is not the sort of Britain we want to live in."

The Labor leader, Neil Kinnock, who supported Mrs. Thatcher's decision to ban the episode revealing plans for a spy satellite over the Soviet Union, strongly criticized her over the latest development.

"I will never protect her against the effects of the incompetence and injustice she has perpetrated," he said.

Special Branch police in Glasgow seized two vansloads of material relating to the planned six-hour television series, "The Secret Society."

The speaker of the House of Commons, Bernard Weatherill, ordered Tuesday's emergency discussion after six members of the Conservative Party joined the opposition in calling for a parliamentary debate.

The issue threatens to become a major political dispute that could tarnish the Conservative image as the party prepares for elections expected this year.

The volatility of the British electorate was demonstrated Tuesday with publication of an opinion poll giving the Labor Party 39-percent support, compared with 37 percent for the Conservatives.

The Harrison Research Center poll, taken before the latest controversy, went against a recent trend in favor of the Conservatives.

Roy Jenkins, a leader of the Social Democrats, accused Mrs. Thatcher of "a policy of running a second-class police state," while Mr. Steel, whose Liberal Party is allied with the Social Democrats, asked whether "the knock on the door in the middle of the night" was to become part of British life."

The Labor Party's Scottish affairs spokesman, Donald Dewar, said the Glasgow searches constituted intimidation aimed at curtailing the rights of journalists.

Legislators of all parties expressed anger over what they described as a "fishing expedition" by the police that arrested material apparently unrelated to the satellite program withdrawn by the BBC.

Labor members are trying to organize a private viewing of the other five episodes of the series later this week.

Last month the government persuaded Mr. Weatherill to ban a showing of the satellite episode on national security grounds.

French Teachers Plan Protest Over Changes

United Press International

PARIS — The government published a set of decrees on Tuesday that threatened to spark new protests over its education policy following street demonstrations by university students in December.

Teachers' unions have called on instructors to demonstrate in Paris and several other cities on Wednesday to protest changes aimed at reinforcing the authority of primary school principals. French primary and secondary schools are widely recognized as being self-run and loosely managed.

SDI: 1972 U.S.-Soviet Treaty Becomes Focus of Debate

(Continued from Page 1)

interpretation of the ABM treaty was laid in October 1985 when the Reagan administration announced that it had developed a new interpretation that would allow extensive testing and development of new "exotic" types of space-based defensive systems, such as lasers and particle beam weapons.

This interpretation was challenged by some arms control analysts inside the government and by several former negotiators of the ABM treaty.

As a result, the administration decided that it would not apply the new interpretation for the time being. But it also announced that it would reserve the right to act on the new interpretation in the future and has sought to protect this option in Geneva.

In arguing for a broader interpretation, administration officials have told Congress that the Soviet Union did not express a restrictive view of the treaty until after the United States developed its new interpretation.

The diplomatic records that have been identified have caused a de-

## WORLD BRIEFS

### China Dismisses Propag



## Buchanan Will Leave White House Post in March

The Associated Press

WASHINGTON — The White House communications director, Patrick J. Buchanan, a proponent of conservative policies, will leave his post March 1, the White House announced Monday.

Mr. Buchanan, the chief White House spokesman, said that no successor had been selected. Mr. Buchanan's resignation had been expected for months.

Mr. Fitzwater said that Mr. Buchanan, 48, felt he could "better influence the issues and politics of 1988 and the direction of the conservative movement and the Republican Party" from outside the administration. Mr. Buchanan said recently that he would not seek the presidency in 1988.

Before joining Mr. Reagan's staff in February 1985, Mr. Buchanan wrote a newspaper column and was a television commentator. He had worked in the Nixon White House as a speechwriter.

President Ronald Reagan said in a statement: "Pat's communications skills and his commitment to conservative political beliefs have been an important part of my administration for the last two years. I will miss his leadership and his support but I count on his voice to remain a beacon for our political agenda."

Mr. Fitzwater said that, with two years left for the Reagan administration, Mr. Buchanan felt his leaving now would allow for his successor to become involved in the job.

Mr. Buchanan will be the second high-level White House official to leave in just over a month. The White House spokesman, Larry Speakes, left Friday to join the investment firm Merrill Lynch Co. as head of communications.

James C. Miller 3d, director of the White House Office of Management and Budget, is expected to resign in the spring, perhaps to take an academic position.

The White House recently dissociated the president from some of Mr. Buchanan's remarks, such as his suggestion that laws could be broken if the cause were justified.

Mr. Buchanan raised that idea in defending the actions of Lieutenant Colonel Oliver L. North, who was dismissed from the National Security Council staff in November for his part in the Iran-contra affair.

## AMERICAN TOPICS

### Raising Funds Early For Wide-Open Race

Fund raising for the 1988 presidential races will be hectic for both Republicans and Democrats because, for the first time in generations, neither party has an obvious favorite and because the number of early primary elections has been increased.

Although the general election is almost two years away, The New York Times says potential candidates already face crucial decisions about raising the millions of dollars a campaign costs. Experts say it will take \$3 million to \$6 million just to finance races leading up to the first primaries in early 1988.

And, they say, fund raising will be more fragmented than ever. Competition for contributions will be "fierce," according to Mitchell E. Daniels Jr., who resigned this week as the White House political director. "This is the first election in the modern age with really an open nomination in both parties."

Fund raising also has to start earlier because of the bunching of primaries and party caucuses early next year. At least a third of both parties' delegates are expected to be determined by the finish of "Super Tuesday" on March 8.

1988, when 16 to 19 states will hold primaries. At a comparable point in 1984, each party had designated fewer than a fifth of its delegates.

### Short Takes

President Ronald Reagan has 21 listings in the new edition of "The Pseudonyms and Nicknames Dictionary," which has 55,000 entries. Great Communicator and Teflon President, to be sure, but also Ronald Right, the Best Known Rancher in Santa Barbara, the Defender, Mr. Clean, the Aging Right Wing actor, the O & W (for Old and Wise) and, of course, Rawhide, his Secret Service code name.

In 17 years as a fugitive, Silas Bissell, 44, developed a set of rules for himself, such as "wear a red hat if you don't want to be noticed." Arrested last month and held for trial as a suspect in a 1970 bombing attempt at the University of Washington, Mr. Bissell, a founder of the radical Weather Underground, said, "People know what you are by how you are with them, and if you hide and act like a hiding person, then they figure that something's wrong with you."



IT'S A DOG'S LIFE — Ahen gets a lathering from his owner, Ron Sandler, at Jaxon's Dogmat in Los Angeles. The dog wash provides tubs, towels and water to pet owners who do not want to clean up the bathtub at home.

Hollywood, now more a symbol than a site of American movie-making, observed its 100th anniversary this week with a cheerful ceremony featuring the veteran stars Bob Hope and James Stewart. Despite the balloons and champagne, the celebration hardly measured up to some of Tinseltown's splashes in the past. On Feb. 1, 1887, Harvey Wilcox, a prohibitionist from Kansas, laid out his ranch as a real-estate subdivision and named it Hollywood.

after the Chicago home of a family friend. Further observances are to be held throughout the year.

### Don't Carry Me Back, But Do Carry Me Out

"Virginia's state song, 'Carry Me Back to Old Virginia,' is rarely heard anymore, and a good thing, too, since its minstrel-show lyrics rest on condescending racial stereotypes and quite properly offend," says The Washington Post. The paper goes on to report that a state legislator, Thomas M. Moncure, has proposed new words, thus:

Carry me back to old Virginia  
Cradle of liberty where freedom's light has shone  
Scenes from the past and the hope for the future  
Call me again to my old Virginia home

Elsewhere, "Something is lacking here," says The Post. "We suspect that Virginia or any other state that tries to replace an anachronistic state song" is "likely to come up with something that sounds as if it had been coproduced by the tourism bureau and the Chamber of Commerce and approved only after extensive safety testing by a consumer protection commission. It won't be much of a state song, but it will be a fine little state jingle."

—ARTHUR HIGBEE

## Gates Is Expected to Rein in CIA on Covert Actions

By Robert C. Toth  
Los Angeles Times Service

WASHINGTON — The Central Intelligence Agency is considered less likely to become involved in covert actions with the departure of William J. Casey as its chief, but his successor, Robert M. Gates, is expected to find it difficult to rein in the CIA's major paramilitary supply operations to rebels in Nicaragua, Angola and Afghanistan.

This was the greatest single area of change forecast by U.S. officials and nongovernment experts Monday after President Ronald Reagan accepted the resignation of Mr. Casey, who has remained hospitalized since brain surgery several weeks ago, and nominated his chief deputy, Mr. Gates, to be the next director of central intelligence.

Mr. Gates, who has never served in secret operations, is known as a skeptic of such clandestine activity, these specialists said. CIA officers, according to one source, expect that "Gates will be very hard on" the deputy director of operations,

who runs covert actions. Mr. Casey, they said, "pushed covert actions aggressively."

Moreover, according to two U.S. officials, Mr. Gates's skepticism is likely to be reinforced by similar views from Frank C. Carlucci, President Ronald Reagan's new national security adviser. Mr. Carlucci was deputy chief of the CIA in the Carter administration, when Mr. Gates worked on the White House's National Security Council staff.

Because of the Iran-contra affair, Mr. Reagan will probably be unwilling to risk any new adventures, several officials said. But all doubted that the present covert supply efforts will be significantly curtailed because they have long been established.

During his six years at the CIA, Mr. Casey has been credited with increasing the role and influence of the agency within the government, primarily because of his personal rapport with Mr. Reagan, whom he

served as campaign manager in the 1980 election.

Mr. Casey reinvigorated the agency's covert-action staff, which had been decimated and demoralized during the Carter administration after disclosures of intelligence abuses in the mid-1970s.

As Mr. Casey retires, it is his major mark on the agency that is most under fire because of his and the CIA's alleged involvement in sales of U.S. arms to Iran and the apparent diversion of profits to the Nicaraguan contras.

Mr. Casey leaves behind a mixed legacy for Mr. Gates.

Among his achievements, Mr. Casey won major increases in funds and manpower for all of the agencies that compose the intelligence community, which the CIA chief oversees as director of central intelligence. Among these are the National Security Agency and the Defense Intelligence Agency.

"It has been a major rebuilding across the board in which Casey was not turf-conscious by favoring

the CIA," according to his former deputy, Bobby R. Inman, a former admiral who also held high posts in the National Security Agency and the Defense Intelligence Agency. He is now chairman of Westmark Systems Inc., a military-industry holding company.

"Casey also gets good marks for the intense interest he brought to analysis of intelligence and to the quality of the intelligence product," Mr. Inman said. "There's been some controversy here and there, but he succeeded in getting the community to address controversial topics in a serious way."

"On the covert actions, they were neither covert nor successful, in my view, and they detracted very significantly from his achievements," Admiral Inman said. "He took a great personal interest in covert operations, although they occupied only a small part of his time."

World War II in the Office of Strategic Services, predecessor of the CIA. To many observers and asso-

ciates, he appeared to have retained a fascination for the secrecy and adventure of clandestine service, and he always tried to follow its two main rules: "plausible deniability," in which the CIA's role in operations could be reasonably denied, and "put nothing on paper."

On the negative side, Professor Jeffrey Richelson of American University said, Mr. Casey bears the onus for the spate of foreign intelligence penetrations of the CIA that came to light during his term, even though some may have begun earlier, and for the defection of a Soviet KGB operative after he was in CIA hands.

In addition, Mr. Casey's relationship with Congress has probably been worse than that of any other CIA chief, because of his free-wheeling personal style and his lack of respect for politicians.

The result has been a mutual distrust. Many congressmen believe that Mr. Casey lied or hid facts during his testimony on the Iran-contra affair.

## Shultz Policy-Making Role May Be Fading

By David K. Shipler  
New York Times Service

WASHINGTON — Secretary of State George P. Shultz's enigmatic role in the Iran affair, and his attempts to dissociate himself from the operation, have raised questions about how much influence he will have in shaping foreign policy during the last two years of the Reagan administration.

Information provided to the Senate intelligence committee and other congressional panels suggests that Mr. Shultz neither took charge of policy nor moved effectively to halt an operation he opposed.

Mr. Shultz said he regarded Iran as strategically crucial to United States interests, but he explicitly yielded the task of cultivating relations with Tehran in 1985 to Robert C. McFarlane, the national security adviser. Then, even though he opposed selling weapons to Iran and was incensed at having been misinformed, Mr. Shultz refused at least one offer to be briefed on the operation by a participant.

Mr. Shultz has been somewhat self-critical about his failure to dissuade President Ronald Reagan from proceeding with a policy that undermined the credibility of the United States in its positions on terrorism and in the Middle East.

"I wonder if there's more that I could have done," he told reporters two weeks ago. "I believe there was."

I don't give myself any plus in all this."

His lack of defensiveness and appearance of candor have made a favorable impression on many members of Congress, who have praised him during recent hearings. "You have been a steady hand in American foreign policy," he was told last week by Senator Jim Sasser, Democrat of Tennessee, "and have furnished us with a sense of continuity at a time when it was desperately needed."

But some others on Capitol Hill, looking at the accumulating accounts, fault Mr. Shultz for a lack of assertiveness. "You certainly are left with the impression that George Shultz's management of foreign policy is reactive," said Representative Robert G. Torricelli, Democrat of New Jersey, who heard him in closed testimony before the House Foreign Affairs Committee. "He protected himself."

In that hearing, Mr. Torricelli observed, Mr. Shultz "did more than separate himself from White House policies on Iran—he built a wall between himself and the White House."

That effort to dissociate himself publicly from the Iran policy has earned Mr. Shultz anonymous criticism from some of Mr. Reagan's aides. And despite recent appointments to the National Security Council which are expected to improve Mr. Shultz's rapport with that agency, the Iran affair has left a shadow over relations between the White House and the State Department.

As one senior administration official commented recently, the entire Iran policy was a product of "the White House-intelligence nexus." The State Department was excluded.

But the Senate intelligence committee's report, issued last week, said that at the outset of the administration's contacts with Iran, Mr. Shultz made a decision to leave the matter in the hands of Mr. McFarlane, then national security adviser.

In July 1985, the report said, when Israel was pressing the administration to pursue an Iranian channel developed by the Israelis, Mr. McFarlane referred the matter to Mr. Shultz, noting "the advantages and disadvantages."

"Shultz responded to McFarlane by cable the same day," the report said, "noting that the U.S. should make a tentative show of interest without making any commitment and should listen and seriously consider the idea of private U.S.-Iran relations. Shultz stated that McFarlane should manage the initiative, while making it known to

the Israelis that McFarlane and Shultz would be in close contact and full agreement at every step."

Asked why the secretary of state would not want his department to manage an initiative with a country regarded as a keystone of strategic interests in the Gulf, a State Department official discounted the significance of that early effort. "They were just a couple of exploratory contacts," he said.

Mr. Shultz has said repeatedly that he was not fully informed about the arms deliveries and that when he saw fragmentary information on them, he was told by Mr. Casey and Vice Admiral John M. Ponder, who succeeded Mr. McFarlane as national security adviser, that the operation had ended.

In February 1986, after 1,000 TOW anti-tank missiles were sent to Iran amid expectations that American hostages in Lebanon would be released, Mr. Shultz approved "terms of reference" for a meeting that Mr. McFarlane was to have in Europe with an Iranian official.

"Shultz testified that he was told the hostages would be released at the time of the meeting," the report said, indicating that Mr. Shultz was aware of the relationship between the arms sales and the proposed hostage releases.

Last May, when Mr. McFarlane and others flew secretly to Tehran with some Hawk anti-aircraft missile parts, the report said, Mr. McFarlane "indicated that he was assured by Admiral Ponder that Secretary Shultz was involved in the planning for the trip."

In September and October, Mr. Shultz declined an offer by Michael A. Ledeen, one of the participants in the Iran connection, to brief him on the operation, despite Mr. Shultz's complaints that he had not been fully informed by White House and CIA officials.

A State Department official explained that Mr. Ledeen, formerly a consultant for both the National Security Council and the State Department, had been dropped as a consultant by the State Department the previous August and was not highly regarded.

## Pentagon Calls Arms Report Wrong

New York Times Service

WASHINGTON — The Defense Department has asserted that a New York Times article about the private sale of arms to Iran amounted to "a dangerously wrong confusion."

The article, which appeared in Tuesday's editions of the International Herald Tribune, reported that senior Pentagon officials knew more than a year ago that private arms dealers were trying illegally to ship U.S.-made fighter planes and other weapons to Iran but did not stop the sales.

The report was attributed to confidential documents and participants in the operation.

The Times article said the illegal sales operation was allowed to continue because military officials hoped to gain information on Iran, and access to Soviet tanks that Iran had captured from Iraq.

Robert B. Stims, the Pentagon's chief spokesman, said Monday, "It's not true—it didn't happen."

In a statement issued by the Pentagon press office, the Defense Department said: "The Times story seems based largely on the allegations of one individual and others who are or may be under investigation by legal authorities."

"The department certainly did not, as The Times has erroneously suggested, 'confirm' that senior in-

telligence officials knew about but allowed illegal sales to be made to gain information about Soviet weaponry," the statement said.

"The Times," according to the statement, "seems to be confusing the activities of private individuals attempting to sell arms on the world market with official actions of the Department. This is a dangerously wrong confusion."

The article said the Pentagon confirmed it knew about the arms sales. The article was based on an eight-week investigation that included more than 4,000 pages of documents and interviews with 150 government officials, arms dealers, intelligence sources and others.

The Justice Department, which asked for the appointment of a special prosecutor, concluded that Mr. Nofziger might have violated the law by getting in touch with White House officials to help a Bronx military contractor.

It also alleged that Mr. Nofziger may have sought aid from William P. Clark, a former national security adviser, to influence a contract for a rice company.

Mr. McKay has practiced here for the last 30 years with Covington & Burling, the largest law firm in Washington.

Mr. McKay, 69, was appointed in April to investigate allegations against a former assistant attorney general, Theodore B. Olson. He resigned that assignment in May, however, owing to a possible appearance of a conflict of interest with a partner in his law firm.


## Special Counsel to Investigate Nofziger Lobbying

By Leslie Maitland Werner  
New York Times Service

WASHINGTON — A U.S. appeals court panel has named a prominent Washington trial lawyer as independent counsel to investigate whether Lyn Nofziger violated a federal ethics law in his lobbying activities after serving as President Ronald Reagan's political director. As independent counsel, or special prosecutor, James C. McKay,


is charged with investigating whether Mr. Nofziger violated a law that forbids high-ranking government officials to lobby their former agencies for a year after they leave office.

But the three-judge panel of the U.S. Court of Appeals for the District of Columbia Circuit also authorized the independent counsel Monday to pursue any allegations not uncovered.




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## ARTS / LEISURE

Paris 'Elektra':  
Behrens, Ozawa

By David Stevens  
International Herald Tribune

PARIS — Richard Strauss, in one of his paradoxical whimsies about his own music, said that "Salome" and "Elektra" should be played "as if they were fairy music by Mendelssohn." That is exactly what Seiji Ozawa does in conducting the new production of "Elektra" at the Paris Opéra, and the result is marvelously revealing, not only in orchestral detail, but in the vocal subtlety that the cast is able to bring to its daunting task.

Any performance of "Elektra" can easily degenerate into a contest between the post-Wagnerian effusions of a gigantic orchestra and the ability of the cast to ride over the sound. Here the cast would have been equal to that — especially by the women, who were Hildegard Behrens in the title role, Jeannine Altmeyer as Chrysothemis and Christa Ludwig as Klytemnestra. But with Ozawa at the controls, and the Opéra's orchestra in unusually responsive form, such heroic exertions were rarely necessary. It would be an exaggeration to say that this was an "Elektra" of chamber-music proportions, but it was often close to that — one in which Hofmannsthal's text was delivered with nuance and, when the occasion demanded, with ample power as well, and in which Strauss' dense but carefully calculated score was made exceptionally transparent.

This went hand in hand with a production — directed by Seth Schneiderman (who is Behrens' husband), designed by Hubert Monloup, and cleverly lit by Jean Boyer — that eclectically and effectively presents the succession of one-on-one conflicts in the house of Atreus against a background of their Freudian convolutions.

There is no suggestion of Greek antiquity in Monloup's set. In the background is the dilapidated facade of a mansion, a kind of Victorian-Viennese baroque that might serve well enough for a production of Eugene O'Neill's trilogy on the same theme, while the front of the stage is occupied by a glistening black structure in which most of the entrances and exits take place — the bottom of a dreamlike funnel housing the calamitous psychological encounters that form the essence of the drama.

Monloup's costumes are archetypes from different historical periods. Elektra's disheveled red hair

suggests her derangement, but her strapless dress could do nicely for a cocktail party, while Chrysothemis' sedate robe suggests the sister's more conventional attitudes. Klytemnestra and Aegisthus are outfitted in stylized versions of 19th-century monarchical getup — she an elaborately gowned and jeweled Habsburg grand duchess, he an Offenbach clown prince — and Orest arrives on his fateful mission in a medieval suit of armor, his iron helmet helping to explain Elektra's initial lack of recognition.

The result was an "Elektra" in which the savage myth is not so much updated as it is filtered through the conventions and manners of more recent times, suggesting that the ties that bind this very special one man's family are always with us.

Behrens was singing the title role for the first time — which must leave her few, if any, worlds to conquer in the German dramatic soprano department. She conquered this one as she has the others — with unforced power, a gleaming, silvery timbre used with security, accuracy and a contained dramatic intensity. And she did a convincing final dance of crazed triumph. Altmeyer was equally unflinching of voice, and the creamier texture of her soprano contrasted effectively with Behrens' metal.

Ludwig is a veteran Klytemnestra, yet she sang and acted the part as if she (or Scheidman, or both) had thought it out anew. This corrupt queen's decay is not yet physical, but within the body and mind of a still-beautiful woman, self-assured at first but gradually crumbling morally during the undermining onslaught of her vengeful daughter. This Klytemnestra falls to pieces in full view; a master portrait by a great singing actress.

What chance do the men have in this demonic girls' club? Not much, mere tools of fate that they are, but John Bruchler was a solid, idiomatic Orest, and the versatile Jean Dupouy a brilliantly neurotic Aegisthus, in their brief duties.

Further performances in this series are scheduled for Feb. 6, 10, 13, 15 and 17. The production returns from April 14 to May 6, with Gwyneth Jones as Elektra, Cheryl Studer and Hélène Garenzi alternating as Chrysothemis, Helga Dernesch as Klytemnestra, and Kent Nagano conducting.



Hildegard Behrens in Paris production of "Elektra."

Jacques Moun



David Ryall as Arnolphe (left), and Neil Dudgeon as Horatio in "School for Wives."

## Molière: School of Monomania

By Robert Cushman

LONDON — Molière was the great playwright of monomania. You might say he was obsessed with it. This may explain why Anglo-Saxons have never liked him. Take "School for Wives," the latest arrival at the National Theatre. It is about a middle-aged man so afraid of being cuckolded that he plans to marry a young girl whom he has trained up for the purpose since childhood. Oh yes, says the British playgoer, very intriguing, what else are we told about him? The answer is, nothing. The play shows him being comically disheveled. Uh-huh, what else does it show? Nothing. Well, what do the other characters get up to? There are no other characters, just fools to be the protagonists.

Ben Jonson was the nearest thing to an English Molière. He too was fascinated by fanaticism but each of his plays offers a stageful of them. His mechanisms are complicated and often messy. This is because he was, like all English playwrights, a romantic, half in love with chaos. Molière, like all good classically-minded Frenchmen, worshipped order. His plays are very clear. Someone — a friend or an outspoken misadventurer — tells the hero in the first scene how blinkered he is being and what trouble he will get into, and the rest of the play is that prophecy in action.

The single-mindedness can be amusing. "School for Wives" is a one-joke play but the joke is ingeniously told. Arnolphe, the would-be husband, has brought his intended up to be phenomenally naïve, on the theory that sophistication would get her into trouble. But of course her innocence doesn't stop her from falling in love with the first young man she sees. The fact that she tells Arnolphe all about it, and that her beloved naively confides in him as well, is no bar either. It merely adds to the

exquisite torture that Arnolphe insists on inflicting on himself. And he is given enough good nature on the one hand, enough conceit on the other, to flavor the dish.

David Ryall, who has been character-acting at the National for most of its 24 years, has his first star role as Arnolphe, and gallops

## THE LONDON STAGE

confidently through it, making the audience gasp and grieve at each fresh discomfiture. A great comedian might wriggle more inventively or just more individually, even at his most sophisticated Molière was still writing scenarios for clowns. Nobody else acts with any distinction. As the voice of reason Roger Lloyd Pack, who can be languidly brilliant, goes through the play like a man nursing a private joke. Otherwise Di Trevis's production has charm. The play suggests that Arnolphe has immured his bride in the suburbs. This show goes him one better and moves her right out to the country, where servants are yokels and landscapes are picturesque gradients. Arnolphe offends against nature and it takes its revenge, though at the end it relents and offers him grace. That seems to be the idea, but it would take richer performances to make it a reality.

This is the National's fifth Molière production: a reasonable score, and proof that the British theater feels obliged to grapple with him on a regular basis. Having done this, it feels entitled to neglect all his compatriots.

Marivaux, who dominates French comedy of the 18th century as Molière does that of the 17th, is effectively written off as a lesser Molière, though in fact they share nothing except a nationality and an initial. Marivaux is actually the more fascinating dramatist, with a flock of modern French revivals to

prove it. Instead of Molière's brisk comic diagrams, he offers rich oily pastorals. Rather than spotlighting a single folly, he draws a collection of them into a cat's cradle.

We are beginning to see his plays here (and it's only taken 250 years), but in reduced circumstances, presented by companies with more dedication than resource. The Gate, an adventurous pub theater in West London, has mounted "The Triumph of Love," which is about a princess going into man's apparel to win her love. Shakespeare had the same idea, often, but what he hinted at in "As You Like It" and "Twelfth Night" is here made manifest. To gain her man, our heroine has to charm his male and female guardians, and so — alternately concealing and revealing her sex — she does. When she emerges for her happy ending she leaves a row of bruised hearts and shattered brides behind her.

Guy Cailan, the translator-director, has seen the play as a vehicle for himself to play Harlequin, which he does in full traditional gear and with teeth-clenching coyness. But among his scratch cast he does have a young actress, Harriet Keevil, of real poise, and she gives the piece something of the thematically-controlled warmth it needs. It also needs sets and costumes by Watteau. Just listening to it is an unduly severe experience. Peter Hall, when he took over at the National Theatre, said that we really had to get to grips with Marivaux. It is a shame that he should

come to the end of his reign with that promise unaccomplished.

Among its stream of new productions the National slips in the odd one-night stand, designed to give us some inkling of what goes on behind the doors of its studio. The latest is "A Yorkshire Tragedy," a brutal brevity once attributed to Shakespeare. It shows a ruined gambler who savagely abuses his wife and children, and finally murders a selection of them. The play blames this on the devil but we are free to see it as an objective, even clinical, picture of psychopathic degradation. Not the least horrifying thing about it is the portrayal of the wife who goes on loving him, whatever. Women in the audience were overheard declaring her to be a) outrageously masochistic and b) quite believable. Certainly the actress, Mary Jo Randle, seemed to have no trouble with her, and the northern accent made her seem very immediate. Stephen Petcher as her tormentor was also recognizable at first blush, macho and sneering. But the play asks more of him than that. It asks him to rage, and all he could do was nag. "A Yorkshire Tragedy" is as basic as an Elizabethan play could be, but it still requires a passion and a skill most of our actors have to relearn. That is one thing the National Theatre studio is for. At least, it had better be.

Robert Cushman is a London-based theater critic and broadcaster.

INTERNATIONAL  
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## AVIS DE PRESELECTION D'ENTREPRISES

Le Gouvernement de la République Centrafricaine a décidé la construction d'un barrage de régulation sur la rivière M'BAU à environ 85 km au N-O de BANGUI et pour cela, il a sollicité un financement auprès des organismes suivants : Banque Africaine de développement (BAD) - Banque Européenne d'investissement (BEI) - Banque Mondiale - Caisse Centrale de Coopération Economique (CCCE) - Fonds Korevidien (KREAF).

Le barrage prévu est un ouvrage mixte béton-remblais (volume de béton : 25 000 m<sup>3</sup>, volume de terrassements : 540 000 m<sup>3</sup>), de 30 m de haut et 750 m de longueur en crête.

Les dossiers de préselection des entreprises de Génie Civil sont à retirer, contre paiement de 30 000 F.CFA ou 1 000 F, à partir du 9 février aux adresses suivantes : Direction Générale de l'ENERGIE, ou au Bureau d'Ingénierie Conseils, avenue de l'Indépendance, COCOTE ET BELLE, 5, rue d'Hippolyte, 75017 PARIS.

Les réponses doivent parvenir à la Direction Générale de l'ENERGIE à BANGUI avant le 26 mars 1987 à 12 heures.

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## Rembrandt in Paris

The Associated Press

PARIS — A collection of etchings by Rembrandt is on show at the Bibliothèque Nationale in an unconventional setting designed to make visitors pause and look at details.

"The Human Form," which runs until May 3, includes 340 etchings made between 1625 and 1669. Selected from the library's permanent collection of more than 900 Rembrandt works, the engravings were restored and reframed for the show. Most have not been displayed since 1905.

Art critics say the show's installation is outrageous, yet effective. Jean-Marie Tasset of Le Figaro

compared its atmosphere to that of a "fairytale in dark velvet."

Visitors begin their tour in a small, dimly lit room, its walls covered by dark green and purple wrinkled paper. Four holes in the floor, ringed by white wooden gates, display revolving color slides of details magnified from Rembrandt landscapes. Recordings of whistling wind and twittering birds help transport the viewer into the Dutch master's paintings.

In the library's Mansart and Mazurine galleries, each subject is illuminated individually; many are presented in several versions, allowing visitors to appreciate Rembrandt's techniques.

## DOONESBURY

WELCOME BACK TO DAY 32 OF THE ORAL ROBERTS DEATH RITUAL. MY PRODUCER JAKE AND I ARE STILL TALKING ABOUT GOD'S EXTRAORDINARY \$4.5 MILLION SHAKEDOWN.



JAKE, I THINK WHAT CONCERNS ME MOST IS THE CLAIM THAT GOD IS HOLDING A LIFE HOSTAGE FOR RAIN-RAISING PURPOSES. THAT HE IS, IN EFFECT, A COMMUNIST TERRORIST.



AS ONE OBSERVER HAS PUT IT, "NO CAUSE CAN JUSTIFY TERRORISM. IT SAID IS THE CRIME OF CONGRESS. TERRORISM IS HEAVY AND INTERLUDE."



STRONG STUFF, BUT I DON'T KNOW IF IT MEANS IT?



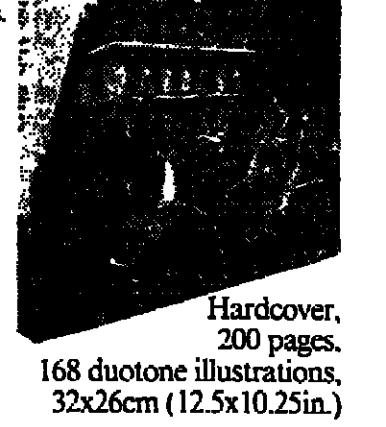
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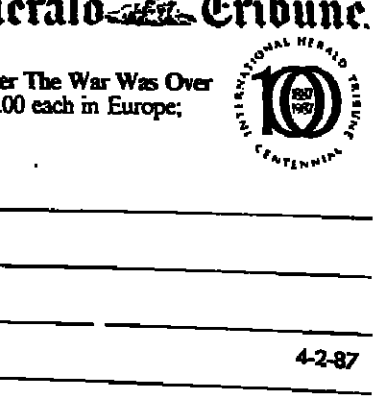
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# Herald Tribune

Published With The New York Times and The Washington Post

## Nonchalantly Downward

Presidential messages snow down on Washington in January. This year it is harder than usual to shovel through to the truth. The main message, on the State of the Union, treated immediate economic troubles almost nonchalantly. The union will be in a dangerous state if action is delayed, and yet the messages were neither constructive nor urgent.

The huge foreign deficit can make the dollar nose-dive. The deficit cannot shrink fast, but Washington has to convince the markets that its actions will reduce it progressively. Otherwise the U.S. government will have to choose between constant depreciation and a tightening of monetary policy fierce enough to expose jobs, instead of the dollar, to a five fall. Does the Republican Party want to go into the 1988 elections in circumstances even mildly similar to 1932?

The dollar has fallen for nearly two years. Why hasn't the deficit shrunk? Some attack states like Hong Kong and Taiwan for not letting their currencies rise, but on average these have only kept stable against the dollar without offsetting its decline against Europe and Japan. Other arguments are more convincing.

When imports are 60 percent above exports, the latter have to rise much faster than the former if the deficit is to shrink. Repeated trade deficits add to the interest bill, debt compounds itself.

And when the dollar falls, the first thing that happens is that the deficit rises because imports cost more dollars than before. In theory this obverse effect eventually reverses as home output replaces

foreign goods and U.S. exporters slowly crank up because they find themselves more competitive. But the longer the dollar falls, the longer the obverse tendency lasts. The problem is that the 1985 devaluation was not once-and-for-all. It continues, so the import bill keeps rising.

But the essential consideration is that devaluation does not work without accompanying action to temper spending—and thus imports—and impel producers to seek markets abroad.

Exactly the reverse is needed from the revaluing countries. None are observing this rule. West Germany and Japan are at fault—but the United States, too, must act, raising in domestic demand and reducing its savings gap. For that, budget control is urgent. But the markets have small trust in the Reagan plan (a modest deceleration of the defense buildup, no tax hike, slashed nonmilitary spending) because Congress won't buy it.

The budget impasse could still be resolved. New compromises on military and civilian outlays are possible, and to raise revenue a temporary income tax surcharge and a new energy tax would make sense. To be avoided like the plague is any attempt to raise revenue by higher import duties, which would weaken attempts to make American producers more efficient and start an international tariff war. The worst enemy of all, however, is the Reagan administration's apparent refusal to go beyond the budget policies that failed last year and have resulted in a continually falling dollar.

INTERNATIONAL HERALD TRIBUNE

## Snatched on the Job

Iraq and Lebanon have become swamps into which outsiders venture at their peril. This was well understood by Terry Waite, the Anglican envoy last seen in Beirut on Jan. 20. Indeed, he left instructions that no attempt be made to rescue him if he was taken captive. And every Western correspondent knows the risks of accepting even an official invitation to Iran, with its hostile regime of feuding clerical rulers.

Witness the ordeal of Gerald Seib, Middle East correspondent of The Wall Street Journal, now detained for undisclosed reasons at an undisclosed place in Iran. That Mr. Seib did anything to justify this outrageous treatment is inconceivable to colleagues who know him as a prudent, experienced reporter. He was among 57 Western journalists invited for a guided tour of Iran and the front in the war with Iraq. Unless he is promptly released, it will be impossible for anyone to take Iran's word seriously about war claims or anything else.

The worst-case surprise is that Iran and

its extremist allies in Lebanon are grabbing fresh captives to extort yet more TOW missiles from President Reagan. If so, that is bad news for Mr. Seib and Mr. Waite, since no such deal is imaginable. If so, that is also bad news for the president, for it would rub his nose in the error of undue eagerness to free imprisoned Americans.

There remains nevertheless the possibility of confusion and error, of pragmatic second thoughts about abducting an emissary or a journalist. Every hostage incident has its singularities and each needs to be judged in its context.

With calm and reason, Mr. Seib's captors may come to recognize that they have no grievance with him and can release him in the knowledge that he is a professional journalist who has done no more than his job—indeed, done so at their government's invitation. Likewise, as Mr. Waite's presumed captors honor courage, they will honor his by promptly freeing him.

—THE NEW YORK TIMES

## End the Polish Sanctions

The suppression of Solidarity, the independent labor organization in Poland, occurred on Ronald Reagan's watch and imposed on his administration a special moral burden to do something about it. Military relief was out of the question, but other forms of relief were not. To this end the administration imposed economic sanctions to help democratic Poles. It has been tough going, since sanctions cut two ways: They put pressure on the government but meanwhile hurt the people who are their intended beneficiaries. Nonetheless, the United States has made a decent effort to balance these considerations, and it can fairly claim to have seen some positive changes take place partly as a result.

The most important changes center on relaxing somewhat the degree of gross product interference in the lives of the people. What a Communist government can give, it can also easily take away, on previous occasions, Wojciech Jaruzelski released prisoners and then locked them up again. So the United States has necessarily been wary even as it has been moving in the right direction in the past year or so. Washington has gradually been ending its economic sanctions, but it hesitated to commit itself to ending them entirely without better assurances that General Jaruzelski would not again reverse field. It was to explore such

assurances that Deputy Secretary of State John Whitehead went to Warsaw last week. He is the ranking American to visit Poland since martial law was imposed last in 1981.

The special place that Poland occupies in Eastern Europe was evident in his visit. He saw, naturally, General Jaruzelski. But he also saw Lech Walesa of Solidarity, who, although officially an unleader of an organization, has an undeniable shadow role all the same, and Cardinal Józef Glemp, head of the Polish Catholic Church, whose mass following has long required the Communist regime to leave it room for its many works. For some time the latter two men have favored the ending of American sanctions as a sign of some political relaxation and as a contribution to the economic health of the country. It seems that the Whitehead talks moved the United States toward this position, and, barring a reversal on the Polish government's part, sanctions should be phased out before too long.

The sanctions have had their critics. It was pointed out that martial law at its toughest left Poles better off—they could travel to Western Europe, for instance—than Soviets and other East Europeans. At the least, nonetheless, sanctions let America express solidarity with Solidarity. The ending of sanctions does the same.

—THE WASHINGTON POST

## Other Comment

### Disengage From Lebanon

The strong possibility must be faced that more of the hostages taken in Lebanon will be killed. There is no intention in Kuwait to release any of the 17 men imprisoned there on terrorist charges, which is the move for which Islamic Jihad has been bargaining. The Israelis do not plan to release 400 of their own prisoners for the four academics, three American and one Indian, abducted [on Jan. 26] at Beirut University College by another Shiite offshoot, Islamic Jihad for the Liberation of Palestine.

The frustrations in the Western camp are mounting, which is one precise purpose of hostage-taking, but we have got to live with them. No one can have many certainties in this situation, but talk of "surgical strikes"

against targets deemed to be terrorist-oriented seems like so much bravado. What starts as surgery is liable to end in mutilation, with the deaths of many more people as innocent as the captives themselves.

On the merits so far, the only safe policy is one of Western disengagement until the storm abates. If the military rule the country, the main sufferers are the Lebanese. They turned out in numbers last week to protest at the abduction of the academics. Last year, in a rare ecumenical display, the whole of Beirut went on strike against the murderous abandon to which the city is daily subject. If any help were widely requested by the people of Lebanon it would have to be seriously considered, but the West cannot police the world.

—The Guardian (London)

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## OPINION



## Innovative Asia: Not the U.S. Sweatshop It Once Was

By Joel Kotkin

This is the first of two articles.

WASHINGTON — captured much of the world trade in manufactured goods, Asia is now turning to the areas where American companies have remained dominant: innovation, product development and the service industries.

Until recently, much of Asia was regarded as a sweatshop at the service of U.S. industry. Scores of American companies have given up manufacturing at home and have contracted out the whole tiresome chore to folks on the other side of the Pacific.

Over the years, this strategy has worked well for many U.S. and Asian companies. But recently, success has spawned a revolution of rising expectations among Asian entrepreneurs. Throughout Asia, companies are moving, at times with startling speed, beyond the manufacturing process into the more creative tasks of product development and marketing that once were left to foreigners. Dependency is giving way to independence, and collaboration to competition.

The Japanese, of course, were in the forefront of this movement. Japanese companies today are among the world's leading innovators in everything from consumer products to fashion design and computer software. And with four of the world's five largest banks calling Tokyo their home, Japan is poised to replace the United States as the center of world finance early in the next century.

Recently, the same process has begun to spread through the newly industrialized nations of Asia. From South Korea to Singapore, nations once thought of as mere manufacturing platforms are beginning to develop their own technology and service industries. Many of these enterprises are financed by local banks, and most have the active cooperation of governments, which take an activist role in managing national economies.

Nowhere is this shift more dramatic than in Singapore. For most of its 21 years of independence, it derived much of its economic sustenance from investment by foreign manufacturers. Today, multinational companies account for 70 percent of Singapore's industrial capacity and exports. And local service firms live largely by catering to the needs of overseas corporations.

Until recently, Singaporeans saw little reason to question this. Their

country had enjoyed one of the fastest-rising standards of living in the world. But two years ago, all that came to a crashing halt. The slump in the American high-tech industry cost thousands of Singaporean jobs. And Western trade barriers, combined with competition from lower-wage

Success has spawned a revolution of rising expectations among Asian entrepreneurs.

neighbors such as Thailand, have caused foreign investment to drop by almost a third. A nation that for 20 years had annual growth rates approaching 10 percent has seen its economy shrinking since 1984.

"We can't keep piggybacking on the multinationals," said Eddie Foo, managing director of Singatronics, a Singapore electronics manufacturer. "They have no loyalty, no commitment to us. In the long run, there is no

security producing parts for overseas companies. To survive, we must develop our own firms, our own technology, our own marketing."

The well-worn strategy of using tax breaks and other incentives to attract overseas corporations no longer dominates government thinking in Singapore. Government initiatives focus increasingly on such incentives as lower corporate taxes, venture capital funds, and low-interest loans, all targeted at entrepreneurs.

Mr. Foo is something of a hero in the move toward economic independence. When he took over Singatronics in 1980, the company was doing \$2 million in sales a year, making electronic games and calculators.

Mr. Foo, a former Olivetti executive, quickly drove Singatronics up-scale. He recruited top talent from the local operations of other multinationals, people who were able to win big contracts from large foreign companies. With the proceeds from those contracts reinvested in a modernized manufacturing operation, he turned loose his engineers and managers to develop a proprietary line

of medical electronic instruments. The company's Healthcheck brand products (including digital thermometers, blood-pressure readers and pregnancy tests) now account for as much as one-quarter of its \$33 million in annual sales.

Singapore also seeks to be a gateway for foreign companies into Southeast Asia, where the tropical conditions and free-wheeling business environment can be difficult for Westerners. Chi and Associates, a 30-person engineering consulting firm, recently won several large contracts from U.S. and Japanese companies with projects in Indonesia. Tony Chi's task is to advise his customers' plans to labor and materials.

"Americans and Japanese don't know how to build in this kind of environment," said Mr. Chi, a 1970 graduate of Pennsylvania State University. "You might design a steel building in Los Angeles that, in Indonesia, is actually cheaper to build with concrete. We know better how to employ cheap labor and technical skills in this part of the world."

The writer covers the Pacific Rim for Inc. Magazine, from which this article was adapted by The Washington Post.

## How Japan Gobbles Asian Resources

By Halimah Todd

IN SUCH A grip that they have little bargaining power. Their nonrenewable resources are eaten up at low prices, while their economies become increasingly dependent on expensive imports from Japan.

Japan is the leading source of imports for every Southeast Asian country but the Philippines, according to the Japanese Ministry of International Trade and Industry.

It is also the leading source of development aid to the region. Thailand gets a hefty 68 percent of its aid from Japan; the Philippines, 56 percent; and Malaysia, 55 percent, according to the Japanese figures.

This heavy dependence on Japan for imports and aid is no coincidence, as Tetsuya Takeo argues in AMPO: Japan-Asia Quarterly Review.

When Japanese capital began moving into Southeast Asia in the 1970s, the objectives were to exploit cheap labor and to secure markets. Japanese cars, televisions, textiles and machinery, locally assembled, soon controlled these markets.

From this Third World springboard, Japanese goods could penetrate U.S. and European markets where quotas blocked their direct import from Japan. But by the end of the decade, Japanese investment to the tune of several billion dollars a year, was pouring into the resource-rich regions of Southeast Asia, where Japanese investment topped \$7 billion in 1984, much of it went into oil, LNG, copper, iron and steel.

Although most of the plants involved were joint ventures, the Japanese partner typically retained management control, supplied machinery and equipment and often exported 100 percent of the output to Japan.

Such investment also acted to move polluting industries outside Japan. Professor U. Jun of Tokyo University, president of the Asian Environmental Society, told a Third World conference in Penang in 1984.

He noted that the Ulsan Chemical company, which makes chromium, moved to South Korea after Japanese protesters said it was polluting soils in a Tokyo suburb. And Kawasaki Steel Corp. moved an ore sintering plant to the Philippines after complaints about air pollution.

As investment by Japanese companies in resource-extracting operations surged, government aid to these industries grew. Japanese yen loans provided 62 percent of the funding of the Asian aluminum plant in Indonesia, which is expected to cause serious environmental damage.

Official aid is also used to mute protest against Japanese companies. What U. Jun ironically calls "showcase technology" for monitoring air pollution has been given to Malaysia and Singapore, though it had been shown to be ineffective in reducing pollution in Japan. Japanese aid is also financing a large sewerage project in Penang, though most of the aid money returns to Japan to buy the expensive equipment required.

"Common to all these projects," the Tokyo professor writes, "is that the approach is indirect and capital-intensive, with the problems going unnoticed at their source."

Asian governments, of course, welcome the investment and the aid, despite their concern about economic dependence. The governments themselves are the local partners in petro-

Local elites have made fabulous fortunes.

Some communities have refused to be cowed.

chemical, LNG, aluminum and steel plants set up by Japanese multinationals with yen loans.

Local elites, in alliance with Japanese capital, have made fabulous fortunes while overspending the rapid depletion of natural resources. This alliance has been extremely useful to Japanese investors. It has kept trade union activity to a minimum in affected sectors and allowed local protests over pollution to be contained.

But some communities have refused to be cowed. In the small town of Papan in Malaysia, residents and environmentalists protested the siting nearby of a nuclear waste dump. The waste is produced by Asian Rare Earth, a joint venture between a local company and Mitsubishi Chemical Industries of Japan.

The governments and the company initially denied there was any danger and threatened the "agitators" with police action. But protests continued until the dump was moved to a remote area and residents won a temporary court injunction to close the factory. The company has appealed.

The writer, a free-lance journalist and former features editor at the New Straits Times, contributed this view to Third World Network Features.

## IN OUR PAGES, 75 AND 50 YEARS AGO

### 1912: A Swing to Taft

NEW YORK — The week's political pendulum is swinging strongly toward President W.H. Taft. The New York County Republican Committee endorsed Mr. Taft by a vote of 582 to 17 after the Roosevelt men had made a fight to delay the vote.

PARIS — The Herald has great respect for Mr. Taft as one of the sanest Presidents the United States has ever elected. It is, therefore, with regret that we find him entertaining the impracticable suggestions of "faddists" and putting forth their notions in a demagogic manner. Advocacy of peace congresses, which only set men to fighting, and his proposal that an international conference shall be held in Washington to consider "the high cost of living," are instances of this. His recommendation that the Government shall purchase the Alaska Central Railroad is on the same line.

## Hart Today: Less Dazzle, Solid Ideas

By David S. Broder

WASHINGTON — In the midst of last week's East Coast blitz, Gary Hart went shopping for a campus that was clean enough to provide him a lecture hall. He wound up at Duke University. What he said there about the education challenge facing the United States was another indication that the early front-runner for the Democrats' 1988 presidential nomination is ready to meet the test in the issues area.

As with his speeches last year on the economy, defense and foreign policy, the former Colorado senator did not seek to dazzle with "new ideas." That was his game in 1984 and it backfired when Walter Mondale called his bluff in an Atlanta debate.

Rather, what Mr. Hart has done is to demonstrate that he is familiar with past proposals, has filtered them through his own value system and sense of political realities, and has put them back together in a program that has structure and logic.

Talent is a good part of presidential leadership. The other part is salesmanship, the ability to enlist public support for the policy. That has not been Mr. Hart's strength. But the coming campaign will help him sure his current capacity in that field.

For now, Mr. Hart is producing an agenda that appears to be based on a realistic assessment of national needs and resources, rather than a calculation of what must be said to satisfy the demands of each of the Democratic Party's most vocal constituency and interest groups.

In his education speech, Mr. Hart talked about the need for a federal role and proposed ways to raise the \$12 billion in revenues he estimates the first three years would cost.

He stressed the need for early education for poor children and the importance of broad access to college. He did not discuss bilingual education — a powerful symbolic issue to politically active Hispanics.

He is sending the signal that his approach will be different from the court-constituencies strategy that undermined Mr. Mondale in 1984.

Mr. Hart's blueprint draws heavily on the work of the Carnegie Forum and the National Governors' Association. It is more bipartisan in character than his rhetorical shots at the Reagan administration's record on education would suggest. But for that reason, it provides a realistic blueprint of what the next administration could do — in cooperation with the states, local communities and the private sector — to improve the education system at every level.

Like his other recent speeches, this one shows the effort Mr. Hart and his advisers have made to reduce a complex subject to its essentials. It is written in commendably clear, if not soaring, language.

It opens this way: "The key to unlock the 21st century for America is education.... Individual and national interests must be subordinated to this overriding national interest: creating a fully literate America, imbued with democratic values, where each individual is empowered to master the challenges of change."

Mr. Hart suggests comprehensive goals ranging from improved preschool programs to adult literacy and retraining efforts. He describes the national policies that will meet them, and puts forth a set of "specific challenges" — the trade-offs that will be required and the responsibilities individuals will have to accept.

Here is where Mr. Hart is at his best. He provides a tough antidote to the mindless overindulgence and excesses of the last six years of "you can have it all" thinking.

Parents, he says, can have better schools for their children, but only if they accept the responsibility for making their homes "schools" as well as dedicated to successful learning, by such steps as keeping the television off until homework is finished.

Students can be helped to finance all the education they want, but must in turn be ready to aid their communities through participation in a national service program.

Business can get better-trained workers, but must accept a share of the burden of retraining displaced workers and providing early warnings of impending layoffs.

Teachers can have higher pay, more respect and a larger voice in running their schools, but only if they accept tough evaluations of their performance and changes in archaic patterns of education.

Mr. Hart has produced a good blueprint. What he cannot now produce is evidence that he is enough of a leader to make it happen. But that is what campaigns are designed to test.

The Washington Post



## OPINION

Holding the Truth Hostage  
Is Not the American Way

By William Safire

WASHINGTON — Larry Speakes, departing White House spokesman, offhandedly revealed an illuminating fact in a farewell interview. He reported that at the time of the Grenada invasion he unwittingly misled the press when asked about it. He had been misinformed, and his credibility undermined when the deception was exposed, by a National Security Council staff member named "Poindecker" of all people.

I remember calling the White House, soon after the Grenada invasion was announced, to find out who was respon-

sible for the decision to exclude the press from the combat operation. Throughout America's wars, the tradition was to bring along at least a few correspondents to report the action impartially, at no risk to military security.

Robert McFarlane, then national security adviser, took my call and wondered, "Is that really your central concern in all this?" Here was an example of prompt and effective use of force to stop a Communist takeover and prevent the taking of U.S. hostages; here was an action that hawkish pundits could be expected to applaud; what was this fuss about a side issue of media coverage?

The fuss was about telling the truth to the people. The United States government may on rare occasion fall silent for a time, but it must not deliberately lie; only the presence of reporters pledged to temporary secrecy can help justify a news blackout. By breaching that democratic precedent, and by issuing a lie, the Reagan administration engaged in self-corruption far more important than one victory in the Caribbean.

I think Bud McFarlane may realize that now. But Vice Admiral John Poindecker, promoted to the national security adviser's post after that lie, probably does not. That is because the truth, for him, seems to be less a moral imper-

ative than an instrument of policy. The same man who misled Larry Speakes about Grenada urged the president to apply "disinformation" to the pressure on Libya. He saw nothing wrong in destroying the reputation for truthfulness of U.S. officials by peddling stories to the press that might make an enemy dictator nervous.

When his stupid and vengeful memorandum was unearthed and exposed in The Washington Post, Admiral Poindecker came before a group of pundits and pumped out some bombast about having to check his files, never admitting its authorship. The truth was not something he was prepared to own up to.

We know now that as he was stonewalling about disinformation, this flag officer had for months been urging the president to trade arms for hostages in secret while saying just the opposite in public. No wonder, when called upon to do his duty and report the whole truth, he becomes the first admiral to take refuge in the Fifth Amendment.

Americans have the right to assume that his truthful testimony would tend to incriminate him, perhaps to cause his criminal indictment, conviction and incarceration. With Lieutenant Colonel Oliver North and Richard Secord, Mr. Poindecker stands silent in the midst of a scandal more akin to Teapot Dome than to Watergate, a scandal not merely of abuse of presidential softheartedness but one in which investigators tell me that \$40 million is unaccounted for.

Not all high officials in this matter have brought shame on the U.S. Naval Academy, which graduated John Poindecker first in his class apparently without including in him the democratic value of truthfulness in office and accountability to superior officers. Mr. McFarlane, Donald Regan and George Shultz, all former marine officers who did not receive their higher education at public expense, have taken the oath and taken their chances by testifying.

But Admiral Poindecker persists in his pattern of refusing to tell the truth. His excuses have ranged from national security to self-incrimination, but his habit was established and rewarded years ago.

This is not a man to be given immunity from prosecution. Americans are owed the truth; they should not have to pay ransom for it. If justice requires that the Poindecker testimony be delayed, and if the admiral chooses to hold the president hostage, so be it. If anybody in this gets convicted, that person would probably have a lot to say to show contrition before sentencing.

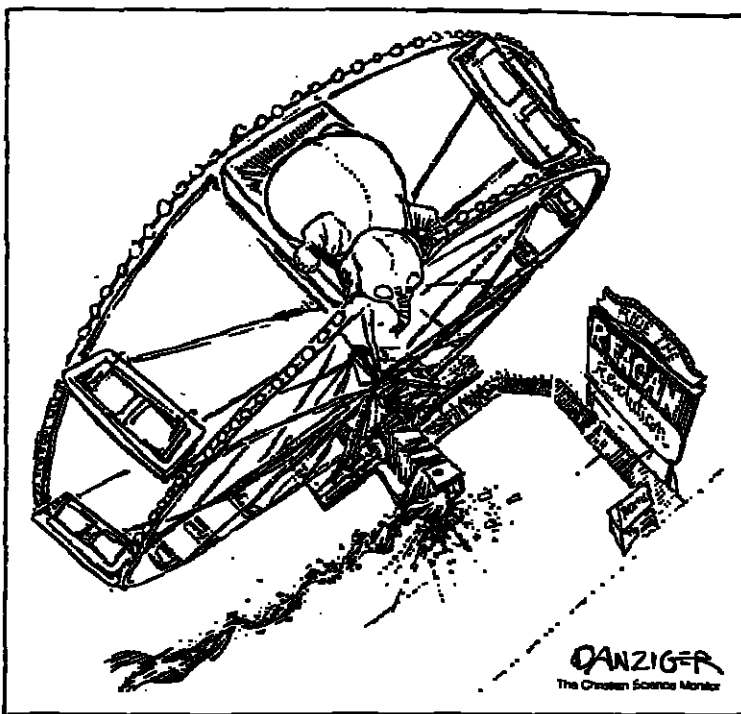
As for the deception-crippled president, the next time he decides to sign a Bible, let him consider what John 8:32 says: "And ye shall know the truth, and the truth shall make you free."

The New York Times.

## Precisely Not Regicide

MANY foreigners see Americans' reaction to the Iran-contra affair as a self-damaging wound, much as they viewed the uproar over Watergate. They shake their heads and wonder about a penchant for regicide. But Americans cannot commit regicide, having got rid of their king long ago and introduced a constitutional system to prevent the arbitrary abuse of power by government officials. It is important to understand that the American insistence that presidents and subordinates be held strictly accountable to the sovereign people under their laws is absolutely essential to America's identity as a nation.

—L.H. Fuchs in The New York Times.



## Danger, Cotton-Swabbing Giants at Work

By Alexander Eliot

NEW YORK — Controversy over the vast "restoration" of Michelangelo's frescoes in the Sistine Chapel at the Vatican is growing. This controversy, in turn, is part of a larger debate over what is known as "art conservation."

Most masterpieces hang in museums, where resident technicians constantly "intervene" to "stabilize" admittedly aging and physically imperfect paintings. "Conservators," such as the Vatican's Gianluigi Colalucci, the Metropolitan Museum of Art's John Brealey and the Getty Museum's Andrea Rothe, carry incredible clout. Artists and connoisseurs alike are seen as retarded romantics who must bow to "scientific objectivity" as personified by establishment giants of the cotton swab.

Art conservation is thus rapidly becoming a million-dollar industry. In museum basement labs equipped with hot tables, scalpels, detergent tubs and spray booths, swarms of highly paid specialists labor to make the world's art heritage like new—or like zero. Increasingly, complaints are heard.

"If it ain't broke, don't fix it," pleads Roger Kennedy, director of the Smithsonian's National Museum of American History. Yet news coverage tends toward hyperbole. Heroic efforts are reported. "Science triumphant snatches art from the sooty fingers of grimly

## MEANWHILE

hurrying time." Well, yes and no. So-called art restoration is at least as tricky as brain surgery. Most pictures expire under scalpel and sponge.

Assiduous cleaning has converted Rembrandt's famed "Night Watch" into a day watch. Titian's "Bacchus and Ariadne" at London's National Gallery is a pressed flower now. The Frick Museum's "Saint Francis in Ecstasy" by Giovanni Bellini is a bluish corpse of its former self. After Francis Henry Taylor retired from directing the Metropolitan Museum, he confessed to me that over-

cleaning had ruined the Met's extensive Rembrandt holdings. Relatively modern masters suffer, too. Smiling summer scenes by Renoir and Monet are routinely reduced to flat, toothpaste-bright grimaces. Van Gogh's visual outrages are made to resemble color slides.

Should science be blamed for these common miscarriages? No, science is only the cutting edge of art conservation. The blade itself is fashion, forged by our modern taste for pictures that can be "read" at a glance. People no longer enjoy making an effort to see what they are looking at. If past masters of painting were so thoughtless as to compose in depth, with veiling hues and shades compacted to create a vibrantly mysterious palimpsest, let these be flattened, brightened, rendered plain as day. Let us impoverish painting, in short, not so much to keep it safe as to make it "accessible."

This is going on now at the Vatican. The restoration of the Sistine ceiling irreversibly expunges the top layers of the greatest painting ever made. The Vatican's conservators and their American colleagues concede this point. Can they date the layers that they are taking off? No, they say, but that is irrelevant because only the bottom layer of watercolor pigments in plaster is by Michelangelo. Therefore, the fresco's top layers are only grime plus previous retouchings and restorations by hands unknown.

So much for theory; what does eyesight say? Any disinterested observer who carefully examines the Vatican's own "before and after" shots of the ceiling will notice two things. First, the cleaned portions are flat, schematic and shrill in hue. Second, Michelangelo's not-yet-cleaned images are fully modeled as to form and profoundly harmonized as to color. Thus one can sense both the underlying bone structure and the emotional state of each and every uncleaned figure there.

Up to now we have credited this to Michelangelo's genius. But the conservators say no. For centuries, we have been falsely inspired by a disposable coat of crud. The actual hot-flash Michelangelo lay hidden underneath for Mr. Colalucci's cohorts to discover. Now, thanks to modern science, we can see how things stood when Michelangelo stepped down. Or can we?

Nearly half of the Sistine ceiling has already been reduced to postcard quality. Public outcry could save the second half for future generations to enjoy.

This writer, an art critic, contributed this column to The New York Times.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

## LETTERS TO THE EDITOR

## Shock Therapy for Whom?

Regarding the opinion column "Shock Therapy: America Needs the IMF Treatment" (Jan. 27):

As an American in Europe, I am hard pressed to explain to my European friends just whom it is that Alan Soga's "emergency program" for the U.S. economy would shock. Two of its three elements would require the country's trading partners to pay for what he correctly states as America's penchant for over-consuming and under-saving.

West Germany and Japan, two countries that have kept their economic houses in order (albeit by sometimes questionable methods) are urged "to help finance U.S. deficits" while America imposes "a temporary tariff on all imports" and pledges "to forgo new protectionist measures" (as if a "temporary tariff" were not protectionist). All this would aim at restoring American "competitiveness" and rebuilding the nation's standard of living—an incredible statement for most Europeans.

Instead of taxing only the consumption of imported goods through a tariff, the United States ought to tax all consumption through a value-added tax. This could be temporary, though in areas such as gasoline consumption it could be used to encourage beneficial long-term readjustments. For it is not the excessive consumption of imported goods that underlies the U.S. deficit, it is, quite simply, excessive consumption.

In any case, hoping that U.S. exports will boost America's standard of living is a chimera. Less than half of U.S. gross national product is in industrial production, and the level will continue to drop. Aside from the high technology sector, U.S. competitiveness will be measured

increasingly in terms of services. The more value-added, the better.

SCOTT SUNQUIST,  
St. Denis, France.

## What Buckley Overlooked

Regarding "The Ambassador's Entertainment Fund" (Jan. 24):

Does William F. Buckley really not understand why private contributions to individual embassies for entertainment purposes are both improper and inequitable, or has he conveniently set judgment aside lest it complicate his intemperate attack on the Foreign Service and the Washington bureaucracy?

For the sake of clarity, and because we do not know otherwise, let us assume that Faith Ryan Whitlsey, the U.S. ambassador to Switzerland, used the money only for those purposes for which the fund was intended, and that Attorney General Edwin Meese established that fact without reference to press reports that he was the guest of honor at one of her official dinners.

Representation funds are allocated to U.S. embassies abroad in line with the same criteria that dictate the allocation of other resources, such as staffing levels or travel allowances. While the local cost of living plays a role, the principal standard is the relative importance to the United States of the country involved. Representation money is just another tool given an ambassador to allow him or her to implement U.S. foreign policy, most importantly by promoting the views of the current president.

Switzerland is surely of some importance to the United States. But many embassies more central to U.S. foreign policy than the embassy in Bern have annual representational allowances well

below the sums donated by Mrs. Whitlsey's friends and supporters. By permitting earmarked contributions of that kind, we give individual donors a special voice in determining U.S. priorities among countries, a foreign policy matter that is the prerogative of the president.

Even if such contributions were put in a pool for general distribution to U.S. embassies, privileged individuals would be in a position of special influence as to how the government attends to its business. This is not wholly unlike allowing individuals to designate the uses to which their taxes may be put. We elect representatives for that purpose and vote them out if we don't like the result.

ALAN D. BERLIND,  
Athens.

## Safe and Complaining

So Ferdinand Marcos thinks he is being treated like a prisoner. "Marcos's Return Is Aborted" (Jan. 30). Isn't that too bad. Doesn't he realize he is lucky to be alive, thanks to Ronald Reagan?

PETER ADAMS,  
Paris.

## Backstage at the Auction

In his column on the "Christie's case" (Jan. 24), Souren Melikian has presented an accurate description of the genesis of that controversy. Although his account is surely a revelation to many readers, no art market professional or well-informed collector would be surprised by his outline of events. After 15 years at Sotheby's I came to expect this sort of negotiating scenario and endless haggling over reserves whenever a major collection came up for sale.

Twenty years ago the Christie's-Cris-

tallina type of negotiation and contract would have been rare, but today such ambitions and open-ended arrangements have become common practice whenever expensive paintings or works of art are to be sold at auction.

Price levels in the art market have increased dramatically and the competition between major auction houses for important sales has increased accordingly. Auction house experts are under constant pressure to exceed previous performance, and that can mean reckless dealing; but in a rising market, risk-taking is often. And as Mr. Melikian points out, when the sale is a success no one argues with the method.

If all the major dealing was conducted between professionals, these developments might not be cause for concern. But the art boom has been fueled by rapid growth in the number of private buyers. It is no longer unusual for major sales and record prices to be the result of one or two new bidders coming on stage at the right moment, and auction houses now concentrate their marketing efforts on attracting new buyers.

These novice buyers often put more faith in a presale estimate price than the auction house expert would himself. Such a bidder would never expect that the confidential reserve price might be a movable feast fixed only after he has had an enthusiastic conversation with the person in charge of the sale.

It will take something bigger than the Cristallina affair before any serious effort to establish a code of practice for the art market can be expected. In the meanwhile, well-informed reporting and commentary such as the recent Melikian column provide a valuable service.

JAMES J. LALLY,  
New York.

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WEDNESDAY, FEBRUARY 4, 1987

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INTERNATIONAL MANAGER

British Fund Managers Test A New Strategy: 'Ethics'

By SHERRY BUCHANAN

LONDON — Corporate managers in Britain are witnessing the birth of a new breed, the "ethical" shareholder who invests only in what this investor considers "ethical" stocks. On the list of banned investments are tobacco, alcohol, gambling, nuclear and arms companies. Also conspicuously absent from most of the "ethical" investment funds are stocks of companies doing business in South Africa.

Investments influenced by social consciousness have become increasingly common in the United States since 1977, mostly as investors have divested holdings in companies with South African links. Estimates of "ethical" investments in the United States range from \$200 billion to \$300 billion, a figure given by the Calvert Social Investment Fund in Washington, D.C., to \$300 billion, an estimate by the Social Investment Forum in Boston.

In Britain, the funds are much smaller, though no overall figures are available. The largest "ethical" fund, the Stewardship Trust, is two years old and manages about £37 million (\$56 million). Professional Fidelity Growth Trust, started in July 1985 by the British Medical Association for its members and managed by Fidelity Investors Services Ltd., now comprises about £7 million. Two other funds were founded last year.

British shareholders, like many Americans before them, wonder whether ethical investments can be as profitable as traditional investments. They also wonder how an investment is defined as "moral" or not, and how it is possible to keep track of activities of multinational companies around the world.

"A lot of people are interested in ethical investments," said Peter Silvester, general manager of investments at Friends Provident, a British life insurance group that manages \$6 billion, including the Stewardship Trust. "They just have to be convinced they wouldn't lose all their money doing it." Last month, the Stewardship Trust was ranked 35th out of 138 general trusts by Money Management, a service that ranks investment funds, with a 48.1 percent return over two years, compared with an average of 42.1 percent.

According to a study by Ann Woodall at the City of London Polytechnic, the return on "ethical" funds last year was 7 pence less than in traditional investments for each £1,000 invested.

ALTHOUGH American ethical funds say they have higher-than-average returns over the last five years, the manager of one is cautious about their performance.

"We don't make claims this type of fund will ensure a better performance," said Jeff Friedman, who manages three funds for Dreyfus Corp., one of the oldest New York investment management firms and one of the biggest, with holdings of \$40 billion. His Third Century Fund, a socially conscious fund whose assets have grown eightfold, to \$160 million, since 1972, underperformed all other investment indexes last year, with a 6-percent rate of return. "What we have shown over the last 14 years," he said, "is that it doesn't hurt performance over the long run."

But most British shareholders still are not convinced, fund managers there said. "The tobacco-free fund is a very small fund for us," said Hilary Smith, who heads investor communications for Fidelity Investor Services, an investment company in London that manages \$7.5 billion worldwide. "We aren't planning any other ethical trusts because basically we've seen very little demand for it from the investing public."

Another problem is determining whether a stock is "ethical" or not. Criteria differ among the funds. The Social Investment Forum in Boston, for instance, looks at "corporate citizenship" (how much money a company contributes to the local community and to charity) and employee relations (including how much

Currency Rates

Cross Rates	£	DM	¥	₹	₦	₧	₡	₪	₴
Amsterdam	2.015	3.491	112.7	32.8	8.128	2.91	18.255	—	24.875
Brussels	2.25	3.49	112.7	32.8	8.128	2.91	18.255	—	24.875
Frankfurt	1.932	2.241	—	—	—	—	—	—	—
London (b)	—	—	—	—	—	—	—	—	—
Madrid	1.66	1.651	1.775	—	—	—	—	—	—
New York (c)	—	0.652	—	—	—	—	—	—	—
Paris	5.945	9.147	3.351	—	—	—	—	—	—
Tokyo	122.10	225.41	112.7	—	—	—	—	—	—
Zurich	1.512	2.215	—	—	—	—	—	—	—
1 ECU	1.448	0.752	2.875	—	—	—	—	—	—
1 SDR	1.274	0.818	2.281	—	—	—	—	—	—

Other Dollar Values	₹	₦	₧	₡	₪	₴
1 Indian rupee	1.227	—	—	—	—	—
1 Australian dollar	1.519	—	—	—	—	—
1 Hong Kong dollar	7.75	—	—	—	—	—
1 New Zealand dollar	1.354	—	—	—	—	—
1 South African rand	1.024	—	—	—	—	—
1 British pound	1.66	—	—	—	—	—
1 Canadian dollar	1.327	—	—	—	—	—
1 Chinese yuan	3.721	—	—	—	—	—
1 Danish krone	6.725	—	—	—	—	—
1 French franc	1.497	—	—	—	—	—

Sources: Reuters, Bank of Tokyo, Commerciale Italiana, Banca Nazionale del Lavoro, Bank of America, Citicorp, Chase Manhattan, Deutsche Bank, HSBC, Ind. Comp. Bank, J.P. Morgan, etc.

Interest Rates

Eurocurrency Deposits	1 month	3 months	6 months	1 year
1 month	4 1/4%	4 1/4%	4 1/4%	4 1/4%
3 months	4 1/4%	4 1/4%	4 1/4%	4 1/4%
6 months	4 1/4%	4 1/4%	4 1/4%	4 1/4%
1 year	4 1/4%	4 1/4%	4 1/4%	4 1/4%

Key Money Rates	1 month	3 months	6 months	1 year
1 month	4 1/4%	4 1/4%	4 1/4%	4 1/4%
3 months	4 1/4%	4 1/4%	4 1/4%	4 1/4%
6 months	4 1/4%	4 1/4%	4 1/4%	4 1/4%
1 year	4 1/4%	4 1/4%	4 1/4%	4 1/4%

U.S. Money Market Funds	1 month	3 months	6 months	1 year
1 month	4 1/4%	4 1/4%	4 1/4%	4 1/4%
3 months	4 1/4%	4 1/4%	4 1/4%	4 1/4%
6 months	4 1/4%	4 1/4%	4 1/4%	4 1/4%
1 year	4 1/4%	4 1/4%	4 1/4%	4 1/4%

Gold	1 month	3 months	6 months	1 year
1 month	4 1/4%	4 1/4%	4 1/4%	4 1/4%
3 months	4 1/4%	4 1/4%	4 1/4%	4 1/4%
6 months	4 1/4%	4 1/4%	4 1/4%	4 1/4%
1 year	4 1/4%	4 1/4%	4 1/4%	4 1/4%

Pesch Makes Bid For Firm

\$1.7 Billion for American Medical

CHICAGO — American Medical International Inc. said Tuesday that it had received an offer from Alpha Health Systems Corp., a subsidiary of Pesch & Co., to acquire the company for \$20 a share, or \$1.74 billion.

American Medical has outstanding about 86.9 million shares. On the New York Stock Exchange, American Medical closed Tuesday at \$19.25, up \$1.375 from its Monday close of \$17.875.

Pesch is a privately held international company, based in Chicago, with interests in health care, information systems and real-estate development.

Its offer is contingent on financing and will remain open for consideration by the American Medical board until Feb. 17.

American Medical, based in Beverly Hills, California, operates 159 health-care facilities in the United States and abroad.

For the first quarter of the fiscal year, ended Nov. 30, American Medical reported earnings of \$28.6 million, or 33 cents a share, on revenues of \$931.8 million.

Analysts in New York said that American Medical's board was expected to reject the takeover offer.

"I would expect it to be viewed as antagonistic," said Byron Nimocks of E.F. Hutton Group. "Certainly the premium they offered over yesterday's closing price is not very exciting."

Analysts speculated that Pesch & Co., headed by Dr. Leroy Pesch, had simply put forth a first bid and might be willing to top it later.

Dr. Pesch headed Health Resources, which was bought by Republic Health Corp. in 1984. Republic, a hospital chain based in Texas, went private in a leveraged buyout led by Dr. Pesch last year.

The analysts disagreed on the potential value of American Medical, which has been hurt in recent years by overcapacity in the hospital industry.

American Medical officials would not comment on the offer.



Macy's New York flagship store in mid-Manhattan's Herald Square.

For R.H. Macy, the Price Was Right Classic Leveraged Buyout Quickly Called a Success

By Isidore Barmash

New York Times Service

NEW YORK — In early 1985, Edward S. Finkelstein, chairman of R.H. Macy & Co., the fourth-largest U.S. department store chain, found himself increasingly preoccupied with two problems. Some of his most talented executives were restless; a few were leaving for better-paying jobs with more authority at other retailers. And Macy stock was moving up in a way that suggested the possibility that someone was planning to launch a hostile takeover.

After pondering several possibilities, Mr. Finkelstein decided that a leveraged buyout would be the best way to address the problems. Following some back-and-forth on the price, shareholders overwhelmingly approved the \$3.6 billion arrangement last July.

Seven months later, Mr. Finkelstein is ready to declare the new Macy a success. Financial results for the first quarter after the buyout, ending Nov. 1, were well above expectations: Sales increased 16.4 percent, to \$1.23 billion (thanks in part to the opening of two stores), and instead of the \$42 million loss forecast at the time of the buyout, Macy lost only \$8.6 million.

More important, the buyout seems to have prompted a healthy change in corporate culture. "There's no question in my mind that it is working well because we have unleashed an entrepreneurial spirit here," said Mr. Finkelstein, 61.

Despite that rosy assessment, it is far too early to judge the success of the Macy leveraged buyout, one of the largest ever. In a leveraged buyout, a group of managers, supported by outside investors, borrows a great deal of money to buy the company. The loans are secured with the assets and future earnings of the company being bought. Ultimately, the managers hope to take the company public again at a far higher price.

The financial community expects Macy to go public again as soon as it has reduced enough of its debt to start showing regular profits. According to forecasts made at the time of the buyout, that would be in the early 1990s.

Proponents of leveraged buyouts argue that they are healthy because they increase management's financial stake in the company's success or failure. But critics contend that is a breach of fiduciary responsibility for the company's management to, in effect, mortgage the company's assets so that they can buy the company.

And, in some cases, managers have taken a company private, done some fast financial shuffling and taken the company public again, netting tremendous gains without really strengthening the company.

The Macy transaction illustrates some of the advantages and disadvantages of the leveraged buyout approach. Many employees have responded to the buyout with increased enthusiasm and a spirit of cooperation. But some are already showing signs of restlessness.

Investors must wait five to seven years for the buyout to begin paying off, and there is no guarantee that Macy will perform well enough to generate

See MACY, Page 11

U.S. May Ease Export Controls On Technology

Compiled by Our Staff From Dispatches

BRUSSELS — The U.S. trade representative, Clayton K. Yentler, said Tuesday that the United States was reviewing its position on sensitive high technology exports and was likely to ease some controls soon.

In a news conference by satellite link from Washington, Mr. Yentler also rejected speculation that a dispute with Europe over alleged subsidies for the European Airbus Industrie consortium was part of a wider U.S. strategy to keep pressure on the European Community over trade disputes.

The Airbus dispute follows within days the settlement of an EC-U.S. dispute over grain sales to Spain.

Meanwhile, a senior official of Airbus Industrie dismissed U.S. allegations of unfair trading.

In his news conference, Mr. Yentler said that a number of senior officials in the Reagan administration felt that existing restrictions on technology exports went too far and had damaged U.S. industry's ability to compete.

He was replying to a question on the U.S. government's position following reports that existing controls were likely to bar U.S. companies from winning business in a \$15 billion European fighter aircraft project.

"Perhaps we have tilted a little too much toward the control side in recent years and the time has come to tilt a little bit more the other way," Mr. Yentler said.

Last month, under pressure from domestic industry, the United States lifted controls on the export of oil and natural gas drilling equipment to the Soviet Union.

U.S. negotiators in Europe have angered their European counterparts with claims that large subsidies were allowing Airbus Industrie to compete unfairly with U.S. manufacturers Boeing Co. and McDonnell Douglas Corp.

In Toulouse, southwest France, Stuart Iddles, Airbus Industrie's senior vice president for commercial affairs, said the Reagan administration was wrong to suggest that Airbus was using unfair marketing practices. "It's bloody nonsense," he said.

The Reagan administration has expressed concern that Airbus is seeking at least \$2.5 billion in government loans to finance two new jetliners.

Mr. Iddles said that Airbus loans are repayable to Airbus's sponsoring governments, Britain, France, West Germany and Spain.

A U.S. deputy trade representative, Michael B. Smith, and the undersecretary of commerce, Bruce Smart, arrived Tuesday in Paris from acrimonious talks in London and repeated their complaints to French officials, who rejected them, according to a communiqué.

A U.S. statement said it was agreed that the U.S. concerns would be debated in a committee of the General Agreement on Tariffs and Trade.

(Reuters, AP)

Aramco to Buy Saudi Crude at Official Price

Compiled by Our Staff From Dispatches

NEW YORK — Arabian-American Oil Co. said Tuesday it had been authorized by its owners, Chevron Corp., Exxon Corp., Mobil Corp. and Texaco Inc., to enter a multiyear agreement to buy crude oil from Saudi Arabia at the official OPEC price.

Oil companies had previously been said to be resisting any long-term commitment to purchase Saudi Arabia's crude at a fixed price, given the uncertainty over prices.

Saudi Arabia's official price for its Arab light crude was set at \$17.52 for Feb. 1 under an output-reduction agreement by the Organization of Petroleum Exporting Countries in December. Oil prices have risen by \$3 a barrel since then.

Dubai light, a key OPEC crude, bucked a downturn in prices on Tuesday to jump 85 cents to \$17.95 a barrel. Analysts attributed this to the Aramco report. (Reuters, UPI)

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outgrowth of the strong beliefs of its founder and principal shareholder, Edmond J. Safra. Republic is firmly committed to such sound, traditional banking practices as diversification

and the maintenance of a strong capital base. The bank has always been highly selective in lending. It emphasizes very conservative activities, investing in safe and liquid assets and using its extensive expertise to trade profitably in precious metals, foreign exchange, bonds and bank notes.

Underlying every aspect of Republic National Bank's pursuit of excellence is a single, fundamental principle: the protection of depositors' funds. It should come as no surprise, then, that this pursuit of excellence results in considerable advantages to private banking clients, and the application of the very highest standards of excellence to the handling of

your personal finances. Republic's subsidiary in Luxembourg provides private banking clients with the protection of the stringent banking laws of that country, and experienced account officers who speak your language.

And Republic's expertise internationally allows you to take advantage of opportunities to better manage your investments on a global scale. The pursuit of excellence is our commitment. If that is something you expect of your bank, call us today at our Luxembourg office (352) 470711.

REPUBLIC NATIONAL BANK OF NEW YORK

A SAFRA BANK

NEW YORK MIAMI LOS ANGELES MONTREAL LONDON PARIS LUXEMBOURG MONTE-CARLO MILAN GIBRALTAR GUERNSEY HONG KONG SINGAPORE TOKYO PANAMA NASSAU BUENOS AIRES SANTIAGO MONTEVIDEO CARACAS MEXICO CITY PUNTA DEL ESTE RIO DE JANEIRO SAO PAULO

FIGURES AS AT DECEMBER 31, 1986:  
TOTAL ASSETS:  
US \$ 16.8 billion  
SHAREHOLDERS' EQUITY:  
US \$ 1.6 billion



NYSE Most Active				
Vol.	High	Low	Last	Chg.
AT&T	298.00	297.00	297.00	+1.00
IBM	242.00	241.00	241.00	+1.00
Microsoft	232.00	231.00	231.00	+1.00
Intel	222.00	221.00	221.00	+1.00
Apple	212.00	211.00	211.00	+1.00
Oracle	202.00	201.00	201.00	+1.00
Unisys	192.00	191.00	191.00	+1.00
Compaq	182.00	181.00	181.00	+1.00
Novell	172.00	171.00	171.00	+1.00
Lotus	162.00	161.00	161.00	+1.00
Parsons	152.00	151.00	151.00	+1.00
Boeing	142.00	141.00	141.00	+1.00
Rockwell	132.00	131.00	131.00	+1.00
Northrop	122.00	121.00	121.00	+1.00
Grumman	112.00	111.00	111.00	+1.00
Lockheed	102.00	101.00	101.00	+1.00
McDonnell Douglas	92.00	91.00	91.00	+1.00
Boeing	82.00	81.00	81.00	+1.00
Rockwell	72.00	71.00	71.00	+1.00
Northrop	62.00	61.00	61.00	+1.00
Grumman	52.00	51.00	51.00	+1.00
Lockheed	42.00	41.00	41.00	+1.00
McDonnell Douglas	32.00	31.00	31.00	+1.00

Market Sales				
NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume
1,182,430	1,182,430	1,182,430	1,182,430	1,182,430
NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume
1,182,430	1,182,430	1,182,430	1,182,430	1,182,430
NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume
1,182,430	1,182,430	1,182,430	1,182,430	1,182,430
NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume
1,182,430	1,182,430	1,182,430	1,182,430	1,182,430
NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume
1,182,430	1,182,430	1,182,430	1,182,430	1,182,430

NYSE Index				
High	Low	Close	Chg.	Chg. %
1,182.43	1,182.43	1,182.43	+1.00	+0.08
NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume
1,182,430	1,182,430	1,182,430	1,182,430	1,182,430
NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume
1,182,430	1,182,430	1,182,430	1,182,430	1,182,430
NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume
1,182,430	1,182,430	1,182,430	1,182,430	1,182,430
NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume
1,182,430	1,182,430	1,182,430	1,182,430	1,182,430

Tuesday's NYSE Closing				
High	Low	Close	Chg.	Chg. %
1,182.43	1,182.43	1,182.43	+1.00	+0.08
NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume
1,182,430	1,182,430	1,182,430	1,182,430	1,182,430
NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume
1,182,430	1,182,430	1,182,430	1,182,430	1,182,430
NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume
1,182,430	1,182,430	1,182,430	1,182,430	1,182,430
NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume
1,182,430	1,182,430	1,182,430	1,182,430	1,182,430

AMEX Diary				
Case	Prev.	Chg.	Chg. %	Chg. %
Advanced	1,182.43	+1.00	+0.08	+0.08
Unchanged	1,182.43	0.00	0.00	0.00
Unchanged	1,182.43	0.00	0.00	0.00
Unchanged	1,182.43	0.00	0.00	0.00
Unchanged	1,182.43	0.00	0.00	0.00

NASDAQ Index				
High	Low	Close	Chg.	Chg. %
1,182.43	1,182.43	1,182.43	+1.00	+0.08
NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume
1,182,430	1,182,430	1,182,430	1,182,430	1,182,430
NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume
1,182,430	1,182,430	1,182,430	1,182,430	1,182,430
NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume
1,182,430	1,182,430	1,182,430	1,182,430	1,182,430
NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume
1,182,430	1,182,430	1,182,430	1,182,430	1,182,430

AMEX Most Active				
Vol.	High	Low	Last	Chg.
AT&T	298.00	297.00	297.00	+1.00
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Oracle	202.00	201.00	201.00	+1.00
Unisys	192.00	191.00	191.00	+1.00
Compaq	182.00	181.00	181.00	+1.00
Novell	172.00	171.00	171.00	+1.00
Lotus	162.00	161.00	161.00	+1.00
Parsons	152.00	151.00	151.00	+1.00
Boeing	142.00	141.00	141.00	+1.00
Rockwell	132.00	131.00	131.00	+1.00
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Boeing	82.00	81.00	81.00	+1.00
Rockwell	72.00	71.00	71.00	+1.00
Northrop	62.00	61.00	61.00	+1.00
Grumman	52.00	51.00	51.00	+1.00
Lockheed	42.00	41.00	41.00	+1.00
McDonnell Douglas	32.00	31.00	31.00	+1.00

Dow Jones Bond Averages				
High	Low	Close	Chg.	Chg. %
1,182.43	1,182.43	1,182.43	+1.00	+0.08
NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume
1,182,430	1,182,430	1,182,430	1,182,430	1,182,430
NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume
1,182,430	1,182,430	1,182,430	1,182,430	1,182,430
NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume
1,182,430	1,182,430	1,182,430	1,182,430	1,182,430
NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume
1,182,430	1,182,430	1,182,430	1,182,430	1,182,430

NYSE Diary				
Case	Prev.	Chg.	Chg. %	Chg. %
Advanced	1,182.43	+1.00	+0.08	+0.08
Unchanged	1,182.43	0.00	0.00	0.00
Unchanged	1,182.43	0.00	0.00	0.00
Unchanged	1,182.43	0.00	0.00	0.00
Unchanged	1,182.43	0.00	0.00	0.00

Odd-Lot Trading in N.Y.				
Buy	Sell	Chg.	Chg. %	Chg. %
1,182.43	1,182.43	+1.00	+0.08	+0.08
NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume
1,182,430	1,182,430	1,182,430	1,182,430	1,182,430
NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume
1,182,430	1,182,430	1,182,430	1,182,430	1,182,430
NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume
1,182,430	1,182,430	1,182,430	1,182,430	1,182,430
NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume
1,182,430	1,182,430	1,182,430	1,182,430	1,182,430

Dow Jones Averages				
Open	High	Low	Last	Chg.
1,182.43	1,182.43	1,182.43	1,182.43	+1.00
NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume
1,182,430	1,182,430	1,182,430	1,182,430	1,182,430
NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume
1,182,430	1,182,430	1,182,430	1,182,430	1,182,430
NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume
1,182,430	1,182,430	1,182,430	1,182,430	1,182,430
NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume
1,182,430	1,182,430	1,182,430	1,182,430	1,182,430

Standard & Poor's Index				
High	Low	Close	Chg.	Chg. %
1,182.43	1,182.43	1,182.43	+1.00	+0.08
NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume
1,182,430	1,182,430	1,182,430	1,182,430	1,182,430
NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume
1,182,430	1,182,430	1,182,430	1,182,430	1,182,430
NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume
1,182,430	1,182,430	1,182,430	1,182,430	1,182,430
NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume
1,182,430	1,182,430	1,182,430	1,182,430	1,182,430

NASDAQ Diary				
Case	Prev.	Chg.	Chg. %	Chg. %
Advanced	1,182.43	+1.00	+0.08	+0.08
Unchanged	1,182.43	0.00	0.00	0.00
Unchanged	1,182.43	0.00	0.00	0.00
Unchanged	1,182.43	0.00	0.00	0.00
Unchanged	1,182.43	0.00	0.00	0.00

AMEX Stock Index				
High	Low	Close	Chg.	Chg. %
1,182.43	1,182.43	1,182.43	+1.00	+0.08
NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume
1,182,430	1,182,430	1,182,430	1,182,430	1,182,430
NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume
1,182,430	1,182,430	1,182,430	1,182,430	1,182,430
NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume
1,182,430	1,182,430	1,182,430	1,182,430	1,182,430
NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume	NYSE 4 p.m. volume	NYSE 4 a.m. volume
1,182,430	1,182,430	1,182,430	1,182,430	1,182,430

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

## NYSE Mixed in Heavy Trading

**NEW YORK** — The New York Stock Exchange finished mixed Tuesday in heavy trading, after profit-taking erased early gains in the blue-chip sector.

The Dow Jones industrial average, which rose 21.38 points on Monday to another record, slipped 10.97 points Tuesday to 2,168.45.

Advances led declines about 8-7 among NYSE issues traded. Volume rose to about 195.5 million shares from 177.36 million on Monday.

The American Stock Exchange index, however, set its fifth record in as many days, rising 1.41 points to 305.56.

"The market is digesting its gains," said Ralph Acampora, technical analyst at Kidder Peabody & Co. "We're up 300 points since the start of 1987 and the market's leaders, the blue chips, are resting. It's reasonable and healthy to expect the market to pause, and that's what we're doing today."

"The market is thrashing around, but it's still got a lot of power," said Dudley Eppel, managing director in charge of listed trading at DLJ Securities. "Buying is coming from all over," he said. "The market is not sinking, under any condition."

Traders said investors were focusing on prospects for improved corporate earnings.

The U.S. government reported Tuesday that the index of leading economic indicators jumped 2.1 percent in December while U.S. factory orders rose 1.2 percent.

Michael Metz, a market strategist at Oppenheimer & Co., said investors are taking the view

that "we will get an acceleration in the economy rather than the slump we once expected."

Mr. Metz said the more optimistic reading of the economy's prospects comes at a time when there are still "an enormous number of people" who have not yet bought stocks. These people "figure that the Dow is going to 4,000 without them, and so they don't want to be left out."

Mr. Metz said another positive influence on the equity market is that foreign investors are looking at American stocks as attractive buys relative to gold or bonds.

The negative factor in the stock picture, Mr. Metz said, is that "the whole case for higher prices rests on a very decided upward momentum for the earnings of American corporations, and that has yet to materialize."

AT&T was the most active NYSE-listed issue, falling 1 to 234 on volume of more than 5.8 million shares. The stock retreated Monday when the Justice Department asked the federal judge presiding over the breakup of the Bell System to lift almost all restrictions on the seven regional Bell telephone companies.

### London Market Extends Hours

**LONDON** — The Stock Exchange said Tuesday that the market floor would remain open for trading until 5 P.M., an extra 90 minutes, effective immediately.

Previous closing time was 3:30 P.M. The opening time remains 9 A.M. Market-makers are obliged to quote firm offer and bid prices for major stocks as long as the floor is open.

## Tuesday's NYSE



## BUSINESS ROUNDUP

## Siemens World Group Net Edges Up

By Ferdinand Proczman  
International Herald Tribune

MUNICH — Siemens AG, West Germany's largest electronics group, said Tuesday that world group net profit was 298 million Deutsche marks in the first three months of fiscal 1987, slightly up from 296 million DM a year earlier.

It said lower domestic sales were offset by a slight increase in sales abroad.

Karlheinz Kaske, managing board chairman, said world group sales were unchanged at 10.8 billion DM (\$5.97 billion) in the period ended Dec. 31, 1986, from a year earlier. Domestic sales slipped to 5.2 billion DM from 5.3 billion, while foreign sales edged up to 5.6 billion DM from 5.5 billion.

Despite the lackluster performance, Mr. Kaske said he was confident that results would improve during the rest of the fiscal year.

He cited a 6-percent rise in orders to 13.5 billion DM from 12.7 billion in the first three months of fiscal 1986.

Domestic orders rose 9 percent to 6.3 billion DM in the first three months from 5.7 billion DM a year earlier, while foreign orders gained 3 percent to 7.2 billion DM from 7 billion.

However, Mr. Kaske said his op-

timism was tempered by several factors, beginning with the decline of the dollar against the mark.

"If exchange-rate relationships do not worsen, I think we have matters well in hand," Mr. Kaske said. "That means if nothing dramatic happens, we should have a good year."

He also pointed out that Siemens is in transition from traditional electronics to high technology and microelectronics, a change that requires enormous investment in capital goods and personnel.

Under Mr. Kaske, Siemens has poured money into research and development, particularly in microelectronics, which now accounts for more than 50 percent of the company's sales.

In fiscal 1986, Siemens invested 6.1 billion DM in capital goods, up from 4.1 billion a year earlier, and another 5.4 billion in research and development, up from 4.7 billion.

The outlays have yet to bear full fruit, Mr. Kaske said, but projects like the joint development of computer memory microchips of 1 megabit, or 1 million bits of information, and of 4 megabit chips with Philips NV and Toshiba Corp. should begin contributing to results by 1988 or 1989.

As of Sept. 30, Siemens had liquidity of 21.9 billion DM, up from 20.5 billion a year earlier.

The liquidity has made Siemens a topic of stock market rumors, particularly in the United States. In September and October, there was talk that Siemens was interested in buying Eastman Kodak Co.

While Siemens has expressed an interest in expanding its U.S. operations, it has yet to make a major acquisition.

In fiscal 1986, Siemens spent 177 million DM to buy the electrical relay producer Potter & Brumfield of Princeton, Indiana, and 56 million DM for Pelton & Crane, a leading producer of dental equipment in Charlotte, North Carolina.

Stock market analysts said that a bigger purchase was likely to come in the next two years.

"Part of the problem for Siemens in the U.S. is that everyone knows they are looking and have all that cash," said John Abbinck, who monitors the company for Merrill Lynch Inc. in New York.

"So it is possible that they are seeing a lot of inflated price tags. And while the dollar is declining, there is no real hurry to buy. U.S. companies are getting cheaper."

## Dealer Starts Prior Market In BA Shares

LONDON — A when-issued market in British Airways shares has been started by Cleveland Securities PLC despite its promise not to trade the stock before its issue.

Cleveland said that the minimum trade was 25,000 shares and that it was quoting a buy and sell price of 80 pence (\$1.20) and 85 pence for the 65 pence partly paid shares. This suggests that BA shares will show a good premium when official dealings begin Feb. 11.

Last month Cleveland said it would no longer make a when-issued market in stocks of denationalized companies because of criticism before the British Gas PLC flotation last year. Low British Gas premiums on the when-issued market might have discouraged share-buying, some observers argued.

Stanley Bell, a Cleveland director, said it changed its mind on a BA market because "We were being heavily pressed by institutional clients."

## Electrolux Reports 33% Rise In Sales, but None in Profit

STOCKHOLM — AB Electrolux, the Swedish appliance maker that has expanded recently through takeovers in the United States and Italy, reported Tuesday that despite a 33-percent increase in sales

last year its earnings were unchanged over 1985.

The group said its preliminary profit was expected to be the same as the Swedish kronor equivalent of \$400 million on sales of \$8.25 billion. The sales figure compared with a 1985 turnover of \$6.17 billion.

Electrolux, Sweden's largest company after the automaker AB Volvo, said the big leap in sales was due to the consolidation of the recently acquired White Consolidated Industries, based in Cleveland, and Industrie Zanussi SpA of Italy.

Two brokerages based in London, Kleinwort Greaveson and Savory Miln, had forecast Electrolux profits at about \$420 million. Analysts in Stockholm said, however, that they were not alarmed by the absence of a rise in profit, pointing to the weaker dollar.

They said that another reason Electrolux had failed to raise earnings was heavy costs associated with restructuring Zanussi and White.

Electrolux is the world's leading maker of washing machines, refrigerators and other household appliances.

## ETHICS: 'Morality' in Investment

(Continued from first finance page)

money a company devotes to the "creative development" of its workers. It also weighs such factors as how a company uses energy and whether it pollutes, manufactures arms or does business in South Africa. The Calvert Fund also excludes stocks of companies doing business with any repressive government regime as defined by Amnesty International.

The problem, investment managers concede, is where to draw the line. Both Calvert and the Social Investment Forum, for example, say they will continue to exclude stock in International Business Machines Corp. even after the company has finished selling its operations in South Africa. The Third Century Fund, on the other hand, says it will be satisfied by IBM's move.

Calvert and the Forum argue that the U.S. computer giant will continue to hold on to licensing

agreements there and, therefore, will keep making money on apartheid. Mr. Friedman, manager of the Third Century Fund, disagrees. "If companies license their products, where do you draw the line?" he asked. "You can't untangle these things. Everybody sells to everybody else."

Keeping track of such problems is one of the more complicated problems faced by socially conscious investors. "Even though we have one of the biggest research budgets," Mr. Friedman said, "we can't send someone touring around the world to check everything out."

The Calvert Fund says it has solved that problem by staying close to home.

"Typically the companies in our portfolio are not the blue-chip, largest multinationals," said Charles Barber, the fund's regional marketing director. "The reason is that one of their subsidiaries will surely violate our criteria."

## Company Results

Revenue and profits or losses, in millions, are in local currencies unless otherwise indicated.

France		Year		1986		1985		Cyclops	
Generale Occidentale		Revenue		1,100		1,200		4th Quar.	
1st Half		Net Inc.		1,010		910		Revenue	
1987		1986		1,100		1,200		Net Inc.	
1987		1986		1,100		1,200		Per Share	
1987		1986		1,100		1,200		Revenue	
1987		1986		1,100		1,200		Net Inc.	
1987		1986		1,100		1,200		Per Share	
1987		1986		1,100		1,200		Revenue	
1987		1986		1,100		1,200		Net Inc.	
1987		1986		1,100		1,200		Per Share	
1987		1986		1,100		1,200		Revenue	
1987		1986		1,100		1,200		Net Inc.	
1987		1986		1,100		1,200		Per Share	
1987		1986		1,100		1,200		Revenue	
1987		1986		1,100		1,200		Net Inc.	
1987		1986		1,100		1,200		Per Share	
1987		1986		1,100		1,200		Revenue	
1987		1986		1,100		1,200		Net Inc.	
1987		1986		1,100		1,200		Per Share	
1987		1986		1,100		1,200		Revenue	
1987		1986		1,100		1,200		Net Inc.	
1987		1986		1,100		1,200		Per Share	
1987		1986		1,100		1,200		Revenue	
1987		1986		1,100		1,200		Net Inc.	
1987		1986		1,100		1,200		Per Share	
1987		1986		1,100		1,200		Revenue	
1987		1986		1,100		1,200		Net Inc.	
1987		1986		1,100		1,200		Per Share	
1987		1986		1,100		1,200		Revenue	
1987		1986		1,100		1,200		Net Inc.	
1987		1986		1,100		1,200		Per Share	
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1987		1986		1,100		1,200		Revenue	
1987		1986		1,100		1,200		Net Inc.	
1987		1986		1,100		1,200</			







# How to get more out of the Trib



## The Front Page

AN INDEX ON THE WORLD



NEWSPHOTOS, PEOPLE, EVENTS

A perceptive reader once called the IHT "an index on the world" — a phrase that was meant to describe the paper as a whole — but is probably more appropriate to our front page.

Because our audience is so far-flung we don't look at the news through any national or political filter. We strive for a truly international perspective — a global context for our global audience.

We draw on what is probably the world's most prestigious news-gathering network. In addition to our own reporters in key news centers, we have direct access to the reports of all New York Times and Washington Post bureaus around the world. Plus reports from the Los Angeles Times and the major news services: Associated Press, United Press International, Reuters and Agence France Presse.

Nearly 3 million words pour into our newsroom computers every day. A team of 40 professional editors selects, processes and condenses those words down to 3% of the original volume. What the editorial team chooses for page one is the most important news from around the world.

## Who, What, Where, When, Why, How?

We try to be "scannable." Look at the first sentence of a Trib news story and you'll probably find the answer to most or all of those six vital questions. Stories are written "pyramid-style," with the most important facts up front, and others added in order of descending importance — to make sure you get the most information in the shortest reading time.

What other tenets of good journalism do we subscribe to?

- Fact is strictly separated from opinion. We keep reporting as objective as possible, with judgments attributed to their sources. Opinions are reserved for the editorial pages.
- Accuracy and fairness are paramount. Our editors spend a lot of time painstakingly checking facts and insuring that different viewpoints are represented, so you can be sure that what you read in the Trib is as fair and accurate as possible.



A WIDE SPECTRUM OF VIEWS

## American and European Topics:

REGULAR NEWS FEATURES

For those who want to keep up with trends in the U.S., "American Topics" appears each Monday, Wednesday and Saturday, usually on page 3. "European Topics" a similar selection of short, topical items on Europe, appears every Friday.

## The Editorial Pages:

A FORUM FOR WORLD OPINION

No, Helmut Schmidt, John Kenneth Galbraith, the Dalai Lama and Javier Perez de Cuellar do not work for the International Herald Tribune.

But articles by them — and by dozens of other world opinion leaders — have appeared recently on the Trib's editorial pages.

Carefully separated from the news pages, the editorial pages present a wide range of analysis and opinion from many points of view and from every corner of the world.

On topics of particular international significance, the Trib's own editorial writers express the opinion of the global newspaper. Each day, editorials from The New York Times, The Washington Post and other journals give a sense of how other leading newspapers see the world. Among the widely respected columnists that appear regularly on the editorial page are:



THE WORLD LOOKS AT THE WORLD

Is the U.S. dollar up or down? Turn to Currency Rates, a daily listing in the Business/Finance section of the Trib.

- William Pfaff and Flora Lewis, writing on French and European affairs.
- Giles Merritt, writing from Brussels on the European Economic Community.
- U.S. President-watcher David Broder.
- Jonathan Power on the Third World.
- Cartoonists Oliphant, MacNelly.
- and a number of other columnists, representing a wide variety of viewpoints from George Will and William Safire to James Reston, Anthony Lewis and Tom Wicker.

## Special Reports

TOREAD AND TO KEEP

About 50 times a year, the Trib publishes in-depth reports on countries or topics of particular interest. From the Euromarkets to the fashion industry, from Austria to Zambia, the reports are of the highest editorial quality. Which is why many readers keep them on file for future reference.

## The Features Page

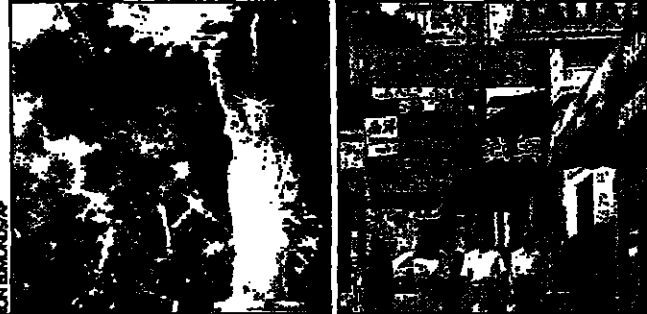
A CHANGE OF PACE

Most Trib readers find that their interests transcend the boundaries of any single culture. As the only newspaper specifically edited for the global citizen, the IHT reflects this international focus in its coverage of the arts and leisure.

Every day of the week, the features page is fresh and different. Hebe Dorsey covers fashion — and the people who make it — on Tuesdays.

Wednesday brings "The London Stage" with reviews of British theatre.

Every Thursday a special "Science" page covers recent discoveries in science and medicine. Friday is the day for the sparkling "Travel" and "Weekend" sections. Special travel columns are designed for the frequent traveler, the gourmet and the discerning shopper. And the arts and culture coverage gives Trib readers special insight on trends and personalities worldwide.



TRAVEL, FAR AND WIDE FOR BUSINESS OR PLEASURE

Saturday's fine arts features are highlighted by Soren Melikian's authoritative coverage of the art markets.

A brief guide to the International Herald Tribune, the global newspaper, for time-pressured readers.

## The Business and Finance Section

The Trib's Business & Finance section is now bigger and better than ever. Whatever the subject may be — a basic resource, a major currency, a new product or regulation — the Trib specializes in spotting important new trends and spotlights revealing details.

Extensive financial tables include complete daily closing stock prices from the New York Stock Exchange and the American Stock Exchange, plus selected over-the-counter stocks.



FINANCIAL NEWS, ANALYSIS, OVERVIEWS, TRENDS AND LISTINGS

Other daily listings include world currency rates, key money rates, commodity prices, futures and a round-up of world stock markets. Monday brings a special listing of Eurobond prices, plus mutual funds and a useful OTC list.

And every day of the week now features an exclusive column of special interest to the international business community:

### Monday

Eurobonds by Carl Gewirtz, one of Europe's most respected Euromarket analysts. Plus, World Stocks in Review, an overview of trading on major world stock markets and a look at likely developments ahead.

### Tuesday

International Stock Markets. Investment strategies for the global portfolio. The trends, the probabilities, the "go" signals and the danger signals.

### Wednesday

International Manager. Sherry Buchanan searches out creative solutions to far-reaching problems that cross national borders.

### Thursday

Wall Street Watch. Interviews with analysts about how they're playing the U.S. markets.

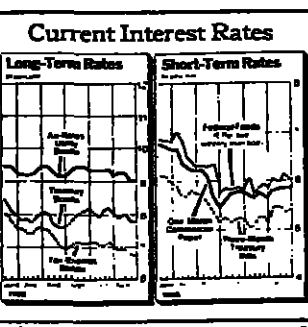
### Friday

Technology. The devices, the systems, the scientific breakthroughs that revitalize production and transform services.

### Saturday

The Economic Scene. Penetrating analyses of the forces that are constantly reshaping the world economy. Plus Friday's closing prices.

And if you trade throughout the world's many financial markets, you can follow your stocks in our World Stock Markets tables.



GRAPHICS SPEED UP UNDERSTANDING

## Personal Investing

FOR THE INTERNATIONAL INVESTOR

On the second Monday of each month, "Personal Investing" provides an overview of investment opportunities and market conditions worldwide. Edited specifically for the high net-worth individual, this special section provides lively analysis of world investment markets and a wide range of new investment instruments. Each month it presents a fresh and comprehensive report on investment strategies and topics ranging from world stock and bond markets, commodity trading, currencies and real estate to various aspects of personal money management.



WHERE TO PLACE YOUR MONEY

## The Sports Page

The Trib covers all the international sports: tennis, golf, skiing, sailing, motor racing, rugby, soccer. Also the latest stories and scores of American sports.

## The Back Page

Some readers have admitted that they turn to the back page even before glancing at the front page headlines. Hardly surprising, as this is where three Pulitzer winners alternate: Art Buchwald on Tuesday and Thursday, Russel Baker on Wednesday and Friday, William Safire, writing on Language each Monday.

The center-of-the-page feature is selected for its wide appeal and excellent writing. And in the "People" corner, interesting names make irresistible reading, day in, day out.

## The Classified Ads

How many other dailies do you know with classified sections that offer such headings as "Money Management," "Moving," "Tax-Free Shopping," "Air Couriers" and "Precious Stones"? The Trib's classified ads specifically address the needs of an affluent, mobile, international audience.

In the more common categories, you may want to note the following publication days:

- International Executive Positions each Thursday.
- International Real Estate on Fridays.
- International Secretarial Positions each Tuesday.
- International Teaching Positions on Sundays.
- Holidays & Travel on Fridays.
- International Education on Saturdays. (For a copy of all ads that appeared in this section last year, request your complimentary copy of the IHT's International Education Guide.)
- International Business Opportunities, each Wednesday.
- International Art Exhibitions, Auction Sales, Collector's Guide, each Saturday.

## The Comics page

Everyone needs a change of pace — and that's why the Trib's comics page is one of its most popular. You'll enjoy keeping up with the daily exploits of Charlie Brown and the rest of the Peanuts gang, Garfield, Dennis the Menace and all the others.



HUMOUR, BOOKS, PUZZLES, WEATHER

But that's not all. Rounding out the page are the daily and Saturday crossword, the book review, bridge column, chess problem and jumble word puzzle. And if you're uncertain what to pack for your next trip, consult the world weather report.

How to get the most out of the Trib: subscribe now and save up to 50% off the newsstand price.

50% off the newsstand price.

\* depending on country of residence.

We hope this guide will help you get more out of the newspaper of which Time Magazine wrote, "Many newsmen believe that for its slim size, the Trib is the most readable and informative daily published anywhere."

And we hope it will convince you that it's a paper that you want to read every day of the week.

Why not, when you can get almost two issues for the price of one by subscribing? Our special introductory offer — one month of Tribs free for each six months you subscribe — will save you more than 40% off the newsstand price in most European countries. Just send the coupon below to:

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Card account number: \_\_\_\_\_ Card expiry date: \_\_\_\_\_ Name: \_\_\_\_\_ Address: \_\_\_\_\_ City/Country: \_\_\_\_\_ Tel./Telex: \_\_\_\_\_

## Herald Tribune

Country	Currency	12 months (+ 2 months free)	6 months (+ 1 month free)	3 months (+ 2 weeks free)	Regular subscription price	Price to you per copy**	You save***
Austria	S.S.	4,800	2,400	1,450	22 A.S.	13.20	A.S. 40%
Belgium**	B.F.	10,700	5,350	3,200	50 B.F.	29	B.F. 42%
Denmark	D.Kr.	2,300	1,250	690	10 D.Kr.	6.30	D.Kr. 37%
Finland*	F.M.	1,630	880	490	8 F.M.	3.85	F.M. 44%
France	F.F.	1,400	740	420	7 F.F.	3.85	F.F. 45%
Germany*	D.M.	560	300	170	270 D.M.	1.55	D.M. 43%
Gr. British	£	120	65	36	0.55 £	0.33	£ 40%
Greece	Dr.	20,000	11,000	6,000	100 Dr.	55	Dr. 45%
Ireland	Ir£	140	77	42	0.70 Ir£	0.38	Ir£ 46%
Italy	Lire	350,000	190,000	105,000	1,800 Lire	960	Lire 47%
Luxembourg	L.F.	10,700	5,350	3,200	50 L.F.	29	L.F. 42%
Netherlands	Fl.	634	340	190	3 Fl.	1.75	Fl. 42%
Norway*	N.Kr.	1,630	880	490	8 N.Kr.	4.50	N.Kr. 44%
Portugal	Esc.	19,000	10,000	5,700	125 Esc.	52	Esc. 58%
Spain*	Ptas.	26,500	14,000	8,000	135 Ptas.	73	Ptas. 48%
Sweden*	S.Kr.	1,700	920	520	8 S.Kr.	4.70	S.Kr. 41%
Switzerland	S.F.	490	270	148	2.50 S.F.	1.25	S.F. 44%
Rest of Eur., N. & French Africa, Middle East	\$	400	220	120	Varies by country	\$ 0.89	
Rest Africa, Gulf States, Asia	\$	550	300	165	Varies by country	\$ 1.51	

\*\* In these countries hard delivery service is available in major cities on the publication date. For details and rates, please check here and fill in your address below.

\*\*\* Based on a one-year subscription. Rates valid through March 31, 1987 for new subscribers only.



Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.  
*Via The Associated Press*

Line	Stock	Ch.	Vol.	PE	100s High	Low	Close
154	South						
155	Shaw						
156	Shaw	.00	24	13	24	24	24
157	Shaw	.00	24	13	24	24	24
158	Shaw	.00	24	13	24	24	24
159	Shaw	.00	24	13	24	24	24
160	Shaw	.00	24	13	24	24	24
161	Shaw	.00	24	13	24	24	24
162	Shaw	.00	24	13	24	24	24
163	Shaw	.00	24	13	24	24	24
164	Shaw	.00	24	13	24	24	24
165	Shaw	.00	24	13	24	24	24
166	Shaw	.00	24	13	24	24	24
167	Shaw	.00	24	13	24	24	24
168	Shaw	.00	24	13	24	24	24
169	Shaw	.00	24	13	24	24	24
170	Shaw	.00	24	13	24	24	24
171	Shaw	.00	24	13	24	24	24
172	Shaw	.00	24	13	24	24	24
173	Shaw	.00	24	13	24	24	24
174	Shaw	.00	24	13	24	24	24
175	Shaw	.00	24	13	24	24	24
176	Shaw	.00	24	13	24	24	24
177	Shaw	.00	24	13	24	24	24
178	Shaw	.00	24	13	24	24	24
179	Shaw	.00	24	13	24	24	24
180	Shaw	.00	24	13	24	24	24
181	Shaw	.00	24	13	24	24	24
182	Shaw	.00	24	13	24	24	24
183	Shaw	.00	24	13	24	24	24
184	Shaw	.00	24	13	24	24	24
185	Shaw	.00	24	13	24	24	24
186	Shaw	.00	24	13	24	24	24
187	Shaw	.00	24	13	24	24	24
188	Shaw	.00	24	13	24	24	24
189	Shaw	.00	24	13	24	24	24
190	Shaw	.00	24	13	24	24	24
191	Shaw	.00	24	13	24	24	24
192	Shaw	.00	24	13	24	24	24
193	Shaw	.00	24	13	24	24	24
194	Shaw	.00	24	13	24	24	24
195	Shaw	.00	24	13	24	24	24
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227	Shaw	.00	24	13	24	24	24
228	Shaw	.00	24	13	24	24	24
229	Shaw	.00	24	13	24	24	24
230	Shaw	.00	24	13	24	24	24
231	Shaw	.00	24	13	24	24	24
232	Shaw	.00	24	13	24	24	24
233	Shaw	.00	24	13	24	24	24
234	Shaw	.00	24	13	24	24	24
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355	Shaw	.00	24	13	24	24	24
356	Shaw	.00	24	13	2		

<b>INVENT</b> <b>S.A.</b> \$ 262.46 <b>ERACOM</b>	<b>ERMITAGE MGT. CAYMAN LTD.</b> <b>P.O. BOX 2192, Grand Cayman, BWI</b>	(d) Int. Currency U.S. \$ 28.83 (d) ITF Fed (Technology) \$ 19.7%	<b>Other Funds</b>
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**United Press International**

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## CURRENCY MARKETS

## U.S. Figures Fail to Boost Dollar

Compiled by Our Staff From Dispatches

NEW YORK — The dollar fell in hectic trading Tuesday despite stronger-than-expected U.S. economic data, and dealers began wondering when, or whether, anyone would step in to stop its slide.

The U.S. currency dipped to as low as 1.7838 Deutsche marks in London and 1.7850 DM in New York, before the December economic figures lifted it a bit.

In New York, the dollar closed at 1.7990 DM, down from 1.8080; at 160.50 yen, down from 162.50; at 152.40 yen, down from 153.50; and at 1.5190 Swiss francs, down from 1.5240.

The British pound rose to \$1.5285 from \$1.5210, while the Canadian dollar rose above 75 U.S. cents for the first time in two years, closing at 75.12 cents compared with 75 cents on Monday.

In London, the dollar slipped to 1.7975 DM from 1.8073 on Monday, and to 152.40 yen from 152.55. Dealers described the retreat as a reaction to an overly bullish interpretation of December trade deficit figures released last week.

They said that, as a result, the market virtually ignored encouraging U.S. figures on leading indicators, housing sales and new factory orders for manufactured goods.

They said the dollar remains

## London Dollar Rates

Currency	Rate	Mon.
Deutsche mark	1.7975	1.8073
Swiss franc	1.5190	1.5240
Japanese yen	160.50	162.50
French franc	6.55	6.55

Source: Reuters

pressed by a feeling that the Reagan administration will let it slip further to help bring the U.S. trade deficit down to manageable levels.

Then, too, the big 2.1-percent gain in the index of Leading Indicators was skewed by temporary factors that may actually portend a weaker U.S. economy over the next few months, analysts said.

Some dealers believe the dollar is poised to slide to as low as 1.7500 DM in the near term, and that the United States will let it.

"The fact that a G-5 meeting isn't imminent also took a major prop from under the dollar," said Earl Johnson, vice president of Chicago's Harris Bank. Although many dealers expect finance ministers of the Group of Five industrial countries to meet late this month to discuss stabilizing currencies, a session apparently has not been planned before that.

Dealers said that comments

Monday by the Federal Reserve chairman, Paul A. Volcker, only heightened fears that the administration wants the dollar to continue to drift.

In testimony before Congress, Mr. Volcker said that the U.S. currency had fallen to the point where inflation might soon be rekindled, but he did not specifically say that it had fallen far enough.

"What the market needs right now is a very clear statement from Volcker or [Treasury Secretary James A.] Baker that the dollar is low enough and can now start to rise," said one dealer. "Neither of them has said it yet and no one in the market will go long and buy dollars until that happens."

Dealers said the best hope for the dollar in the next few days could be support by investors during this week's U.S. Treasury auction. The market is watching to see how much interest Japanese investors — important buyers of U.S. bonds — will take in the auction.

In earlier European trading, the dollar was fixed at 1.7935 DM in Frankfurt, down from 1.8182 DM on Monday, and at 5.9845 French francs in Paris, down from 6.0680. In Zurich, the dollar closed at 1.5126 Swiss francs, down from 1.5310.

(Reuters, AP)

## ECONOMY:

## Leading Index Up

(Continued from Page 1)

less favorable tax rules went into effect on Jan. 1.

These factors, far from being signs of future strength, showed instead that economic growth is likely to dip in early 1987 with the disappearance of the tax incentives for purchases, analysts said.

"Unfortunately, a lot of the increase is temporary," said David Weiss, an economist with Data Resources Inc. of Lexington, Massachusetts. "Tax reform gave us some artificially strong figures at the end of the year."

The White House spokesman, Martin Fitzwater, took a more positive view, calling the report "good news."

In all, 8 of the 11 statistics that make up the leading index showed strength in December.

Other strong performers were manufacturers' orders for consumer goods, changes in prices of raw materials, the size of the money supply, plant and equipment orders, stock prices and the length of the workweek.

Two indicators — a rise in unemployment claims and a decline in net business formation — held back the index. One indicator, length of delivery time on business orders, was unchanged.

Separately, the Commerce Department said that the 4.4-percent rise in new orders for nonmilitary manufactured goods, while positive news, was only enough to leave the 1986 tally for all factory orders at \$2.35 trillion, virtually unchanged from 1985.

New orders for all manufactured goods, including military goods, rose 1.2 percent in January, to a monthly total of \$209.1 billion.

Sales of new single-family homes, meanwhile, rose 12.7 percent in December from November. The Commerce Department also revised upward November's sales to a 1.0-percent rise, from the previously reported 2.2-percent fall.

Home sales in 1986 rose 8.9 percent to 749,000 units, after climbing 7.7 percent in 1985. It was the best year for the U.S. housing industry since 1978, and analysts attributed the surge in sales largely to low interest rates.

(AP, Reuters, UPI)

## BUSINESS PEOPLE

## Head of Cooper Vision Retires Early

By Arthur Higbee

International Herald Tribune

NEW YORK — CooperVision Inc. has announced that its president, John H. Williford, has taken early retirement at the age of 56.

The New York Times said the news gave rise to rumors of a possible sale of the eye-care company.

Peter Ripsenhausen, executive vice president of Cooper International, a subsidiary of CooperVision, was named president. Martin M. Koffel, president of Cooper Laser Systems Inc. and executive vice president of CooperVision USA, was named president. The two will assume Mr. Williford's duties, the company said.

Mr. Williford joined the company, which is based in Palo Alto, California, in 1978 as vice chairman in charge of corporate strategic planning. He became president in 1982.

But debt mounted from acquisitions made by the company's chairman and chief executive, Parker G. Montgomery.

Earnings fell to \$9 million, or 41 cents a share, in the fiscal year ended last Oct. 31, from \$35.2 million, or \$1.69 a share, the year before.

Last month, CooperVision sold its pharmaceutical business to Johnson & Johnson. In October, it had sold its orthopedics business, Richards Medical Co., to Smith & Nephew Inc.

Mr. Montgomery may be considering selling more parts of the company, some analysts said, pointing out that CooperVision had moved its stockholders' meeting from March to May 14. One analyst said this would provide "time to make arrangements for a sale."

Stockholders at the meeting will be asked to vote on changing the company name to Cooper Cos.

The NATO Industrial Advisory Group, a senior consultative and advisory body of the Brussels-based North Atlantic Treaty Organization, has elected R.A. Fissette, 62, a U.S. Navy fighter pilot in World War II and now vice president of Martin Marietta International in Brussels, as its chairman.

As the division's chief of international marketing for 21 years, Mr. Marshall was involved in the sale of more than 1,700 aircraft to U.S. allies, the company said. He will be replaced as president of international marketing by James P. Caldwell, who switches from managing the company's sales to the U.S. Air Force. Mr. Caldwell will be responsible for foreign sales of McDonnell Douglas's current three fighter planes: the FA-18 Hornet, the F-15 Eagle and the AV-8B Harrier 2.

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## ITT Names Head Of A New Unit

New York Times Service

NEW YORK — ITT Corp. has named Ralph E. Reins president and chief executive of ITT Automotive Inc., under which it is consolidating its automotive products units worldwide.

Those units have sales of \$2 billion annually. The job will apparently not entail a major change for Mr. Reins, 46, who joined ITT last year as group executive for automotive products around the world.

Mr. Reins was one of five executives named last month to new positions as senior vice presidents to run ITT's core businesses. He joined ITT last year from the aerospace and automotive company Rockwell International Corp.

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## THE EUROMARKETS

## Auctions Overshadow Dollar-Straight Trade

Reuters

LONDON — Dollar-straight Eurobonds were basically steady on Tuesday, dealers said, with operators reluctant to open fresh positions ahead of the U.S. Treasury auctions, the first of which was later in the day.

One trader at a U.S. firm commented: "Nothing much happened this morning. There was a bit of two-way activity first thing in the afternoon after the U.S. leading indicators came out, but the net result today is no change."

The December index of leading economic indicators showed a rise of 2.1 percent, above most market estimates of a 1.7 percent gain.

Another trader noted that activity in the secondary market was not liable to pick up until the Treasury

auctions were completed. The result of the 30-year auction — to be held Thursday — is of particular interest to the Eurobond market, which will be watching for signs of the extent of foreign participation.

In connection with Tuesday's auction of three-year notes, Salomon Brothers International issued 300,000 warrants priced at \$7 each and entitling the investors to purchase \$1,000 face amount of the three-year note at the average auction price plus 1/2 cent. The warrants have a one-year life.

Two further equity warrant Eurobonds were launched — both led by Nomura International Ltd. — while an older issue was increased and assigned a reduced coupon.

The two new issues were a \$50 million bond for Tokyo Store

Chain Co. and an \$85 million issue for Kyotaro Co. Both issues have indicated coupons of 3/4 percent. They each ended slightly above their par issue price.

The lead manager, Daiwa Europe, cut the coupon on the equity warrant bond for Itohan & Co. and increased the issue size to \$100 million from \$80 million. The coupon was reduced to 3/4 percent from the indicated 3/4 percent.

In the yen market, Electricite de France issued a 20 billion yen bond paying 5 1/2 percent over seven years and priced at 101 1/2 percent. The issue was jointly lead-managed by Nippon Credit International and Nomura International. It ended on the secondary market at a discount of 1.40 percent compared with total fees of 1 1/2 percent.

(AP, Reuters, UPI)

## COMMODITIES

## Coffee Organization Agrees to Meet on Quotas Feb. 23

Agence France Presse

LONDON — The 50 producing and 25 consuming member-countries of the International Coffee Organization will meet in London this month in an attempt to negotiate the return of export quotas and stabilize the world market.

The decision to call a full council session was made Tuesday by the organization's 16-member executive board.

It acted nearly a year after export quotas were suspended as a result of soaring prices after drought depleted the crop in Brazil, the world's biggest producer and exporter.

Producers, which include Latin American, African and Asian growers, and consumers, including the European Community nations and the United States, decided to hold the full council meeting on Feb. 23, Reuters reported from London.

Some consumer delegates felt it would be impossible to reintroduce the export quota system by March 1, as producers would like.

On Monday, producers presented consumers with a proposal to reimpose export quotas, based on 58 million bags in the 12 months starting March 1. Each bag equals 60 kilograms (132 pounds).

The 58 million bags would be distributed initially according to individual percentage shares held by producers before quotas were suspended.

Under that system, Brazil held a 30-percent share, which it fiercely defends despite the drought damage to its 1986 crop.

But the producer proposal contained an adjustment through the redistribution to other producers of 1.22 million bags of the global quota following shortfall declarations by Brazil (one million bags), the Organization of African and Malagasy Coffee Producers (200,000 bags) and Angola (20,000 bags).

Jamaica, Nicaragua, Ethiopia and El Salvador indicated that they did not wish to participate in the redistribution of the shortfall.

Consumer delegates said they hoped to meet before the council session to formulate a counterproposal. They warned that "if producers stick to their current proposal, we will reject it" because it is based on an unchanged distribution of quotas by percentage.

Consumers have repeatedly opposed the percentage shares in force until last February, arguing that they do not reflect the pattern of demand.

Producers had hoped to placate consumers by redistributing the 1.22-million bag shortfall "according to the true availability of coffee" in producing countries and not according to traditional percentage shares in the global quota.

In an additional departure from the usual application of the agreement, the smaller producing members — those who export fewer than 400,000 bags a year — had also been included in the shortfall redistribution.

**Tuesday's OTC Prices**  
NASDAQ prices as of 4 p.m. New York time.  
Via The Associated Press

12 Month High Low 4 P.M. Close

Div. Yld. Sales in 100s High Low 4 P.M. Close

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SPORTS

# 2 Stars Display Superb Timing

**International Herald Tribune**  
**LONDON**—Star quality is the order of modern soccer. Why, in a game designed for team effort, should the same individuals rise above all others to destroy them when it matters most?  
Last weekend, the Italian and Spanish club championships were taken closer to Naples and Barcelona, respectively, by the singular brilliance of two familiar showmen.  
Diego Maradona, hounded by his customary tales of physical and mental turbulence, returned from an unannounced trip to Tokyo, scored twice for Napoli on the road against Udinese and took his adopted club one major step closer to its first-ever Italian title.  
Business as usual for the undisputed genius of his sport. But, as if this were Mexico in high summer instead of Europe in winter, Maradona's headlines were challenged across Europe by a quiet Englishman abroad.  
Maradona scores two, Gary Lineker nails three. No comparison, of course, in style or approach. The Argentine is a creature of melodrama, his goals either artistic or dubious (the first on Sunday came from a disputed penalty). The Englishman is swift, silent, predatory, like the Scarier Pimpel, he is here and then gone, leaving only the sting behind.  
You remember a Maradona masterpiece long after you have forgotten Lineker's statistics. And yet, just as Maradona was denied the golden boot for top scorer at the World Cup, so the persistent Lineker reminded tens of millions of television viewers late on Saturday that when the stage is set and the time is ripe he will do what soccer players term "the business."  
Stone-cold sober, Catalans have doubted the quality of this unpretentious man bought at a price of almost \$4 million. Drunk on his hat-trick against Real Madrid last Saturday, they sang his name down the Ramblas of Barcelona until the early hours.  
A Catalan's first desire is to beat Real Madrid; second is to win the Spanish championship.  
Two more foreigners, Mexican Hugo Sanchez and Argentine Jorge Valdano, made a spirited fight of it, but the final score of 3-2 gives Lineker (sorry, Barcelona) every chance of regaining the league title.  
You or I might have put the finishing touch to any of Lineker's three goals. But, in his improving Spanish and his typically understated way, the man himself suggests getting there is the thing:  
"As any striker will tell you, there's nothing wrong with good timing," he says. "Barcelona vs. Real Madrid is a very big game, but while the match goes on I never think of anything except playing. I'm never nervous."  
Fine. If it were so simple, wouldn't we all make our first million just by turning up, making

## ROB HUGHES

# Designer Lexcen Looking On in Pain

By Angus Phillips  
*Washington Post Service*  
**FREEMANTLE, Australia**—The man who helped win the America's Cup for Australia is having no fun watching its demise.  
Ben Lexcen, the madcap designer who hatched the idea for Australia II's winged keel, which turned the yachting world upside down in 1983, has looked on in pain as Kookaburra III lost three straight races to Stars & Stripes.  
"With Dennis Conner needing only one more victory to reclaim the prize Lexcen worked a decade and a half to get, the designer wonders whether it was worth the effort."  
"Fifteen years of work for one night of fun," he said sheepishly. "Never again."  
Lexcen, who designed the unsuccessful Australia III and IV for this cup, said the big problem Kookaburra III is running up against is Conner himself. "He's one of the best sailors in the world, that's the bloody problem."  
Lexcen said Conner has the Kookaburra III crew psyched out. "You watch them. They're all looking over their shoulders at Dennis's boat. He's got them intimidated."  
But Lexcen said he never expected the U.S. boat to have such an easy time. "I didn't think they'd let them whip 'em," he said of the Kookaburra crew. "I thought they'd put up a struggle."  
Lexcen said both inadequate technology and inexperience have caught up with the Australian effort.  
"This is a farming country," he said, a twinkle lighting his eyes. "We dig the soil. We don't make things here. When we go back to the dock, the Australian flags you see people waving were all made in Taiwan. This whole country is just a big, sunbaked mine."  
He said the Conner camp's use of big-time defense contractors like SAIC, Boeing and Grumman Corp. gave it access to technological information for boat design the Australians couldn't match.  
"And he said that inexperience was the final failing of the Australian effort."  
Kookaburra skipper Ian Murray is "very good" — he's brilliant. But he just hasn't had the experience. No one on the boat has ever been in the America's Cup before.  
By contrast, Australia II's team had been in "heaps of America's

cup before we won." said Lexcen, who designed boats for Alan Bond in 1974, '77 and '80 before the successful effort in '83.  
Over in the Conner camp, Rolex watches were awarded Monday night to the crew for making it to the cup final, and tactician Tom Whidden noted that several crewmembers were accepting their second, third and even fourth watches.  
"It struck me that we have an awful lot of experience in our group," said Whidden, who is in his third cup campaign.  
Experience shows up in little things, Lexcen said. Such as the Kookaburra crew's decision to try a complicated spinnaker set at the first mark of Monday's race, which finally put them on the wrong side of the course in choppy water churned up by the spectator course.  
Stars & Stripes, just 15 seconds ahead before the mistake, made a simple set to the favored side of the course, built a six-length lead out of a three-length lead and Kookaburra III never came close again.  
The Kookaburra crew "was looking at a computer that says, 'Go here,'" Lexcen said. "Conner just looks at the course and says, 'Bugger that. It's better over here.'"  
Lexcen says he's through drawing 12-meters. "I'm getting too old to go around in slow boats," he said. "If these were big catamarans out here, we'd be around the course in half the time."  
"Twenty years from now," said Lexcen, who is usually about the far ahead of his time, "the only boats with ballast [lead keels] in them will be cruisers."  
"What's the point in putting lead in a racing boat? It's like saying, 'Here's a nice Formula One racing car. Now let's put 3,000 pounds of concrete in it and go racing.'"  
And yet Lineker, whose knack of

# Death Threat Made Against U.S. Skipper

By Angus Phillips  
*Washington Post Service*  
**FREEMANTLE, Australia**—A television station in Melbourne received a call Tuesday morning from an anonymous man who threatened to shoot America's Cup skipper Dennis Conner.  
The man, believed to be an Australian in his early 20s, telephoned the studios of Channel 10 at 2:40 A.M. and told the security guard who answered that Conner, the helmsman of Stars & Stripes, would be shot rather than allowed to remove the America's Cup from Australia.  
The guard spoke to the man for about two minutes.  
Stars & Stripes leads the best-of-seven series, 3-0; Conner could reclaim the cup for the United States with a victory on Wednesday.  
The caller said he would be leaving Melbourne for Fremantle — a distance of 1,500 miles (2,413 kilometers) — later Tuesday.  
The TV station alerted authorities in Melbourne, and Fremantle police, who immediately tightened security around the Stars & Stripes compound, advised Conner of the threat.  
"I'm taking it seriously," said Conner, 44. "My life is very important to me."  
It was the second time in two days that threats marred the world's most prestigious sailing regatta.  
An anonymous caller to a Sydney television station claimed that a bomb would explode aboard Kookaburra III during Monday's third race of the best-of-seven final.  
During the last leg of race, the Kookaburra III crew was informed of the threat. Skipper Ian Murray rejected the offer of pulling out, no explosion and no bomb was found during a post-race search of the yacht.  
Conner had called for a lay day on Tuesday, fearing the forecast for light breezes would better suit Kookaburra III, although Stars & Stripes has proven its superiority in all weather conditions. (UPI, AP)

## NHL Clarifies Quinn Penalty

*United Press International*  
**NEW YORK**—The National Hockey League said Tuesday that former Los Angeles King Coach Pat Quinn had been barred from coaching only at Vancouver for three years, not banned from coaching elsewhere in the league.  
Quinn was expelled from the league Jan. 9 when it was discovered that while still coaching the Kings he had signed a contract and accepted a \$100,000 payment to become president and general manager of the Vancouver Canucks.  
On Tuesday, the office of John Ziegler, the league president, said that an announcement last Friday "inadvertently indicated Mr. Quinn is suspended from coaching in the NHL until the start of training camp 1990-91. The suspension is applicable only to coaching for the Vancouver club."



Gary Lineker, who scored three goals in Barcelona's victory, eluding two Real Madrid defenders.

Sending the dog on a wild goose chase to Tokyo may not prevent the boy wonder from playing for the benefit of starving children, but it applies a little pressure to do something special for his people — the ones back in Naples — on his return.  
Treat the mind, and the ankle can take care of itself.  
But Lineker remains harder to fathom. He, too, was injured before Saturday's crucial game. I would not be the least surprised to hear that he received a few shots of Novocain, the play-now-pay-later painkiller which, at his level, is an insidious part of the package.  
Lineker also performed without his normal partner, the volatile Welshman Mark Hughes, who was suspended for persistent misconduct (showing how hard it can be to get the timing right in this sport).  
And yet Lineker, whose knack of

## SCOREBOARD

### Basketball

#### National Basketball Association Standings

EASTERN CONFERENCE			PACIFIC DIVISION		
Team	W	L	Team	W	L
Atlanta	31	11	Portland	28	19
Boston	31	11	Seattle	25	22
Philadelphia	29	19	Golden State	25	22
Washington	29	21	Phoenix	23	27
New York	28	22	L.A. Clippers	7	35
New Jersey	11	34	Los Angeles	2	39

### U.S. College Results

EAST			WEST		
Team	W	L	Team	W	L
Duke	25	1	Stanford	25	1
North Carolina	24	2	Arizona	24	2
Michigan	23	3	Utah	23	3
Indiana	22	4	Arizona State	22	4
Cleveland	18	20	San Francisco	18	20

### College Top-20 Ratings

Rank	Team	Points
1	North Carolina	100
2	Duke	95
3	Stanford	90
4	Michigan	85
5	Arizona	80
6	Indiana	75
7	San Francisco	70
8	Arizona State	65
9	Utah	60
10	Washington	55

### College Top-20 Ratings

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5	Arizona	80
6	Indiana	75
7	San Francisco	70
8	Arizona State	65
9	Utah	60
10	Washington	55

# Super-Giant Victory Gives Walliser 2d Gold Medal

*Compiled by Our Staff From Dispatches*  
**CRANS-MONTANA, Switzerland**—Maria Walliser combined power and speed to beat Swiss teammate Michela Figini and become the first double-gold medal winner of the world Alpine ski championships by winning the women's super-giant slalom here Tuesday.  
The victory gave Switzerland five titles in the competition's first six events, tying the record set by Austria in Chamonix, France, in 1962 (when there were only six titles at stake). Only the men's combined victory of Luxembourg's Marc Girardelli has broken the home-team grip here; with four races remaining, the Swiss seem certain to break the 25-year-old record.  
Walliser, who also finished one-two with Figini in Sunday's downhill, was fourth out of the gate and set an unbeatable time of 1 minute, 19.17 seconds through the 39 gates of the 0.9-mile (1.44-kilometer) Chetron course.  
Figini won her second silver medal in 1:20.18, and Yugoslavia's Matjaž Svet (1:20.23) took the bronze to prevent the second Swiss medals sweep of the competition. Swiss men finished one-two-three in Saturday's downhill.  
Svet — the first Yugoslav woman to win a world championship medal — was only two-hundredths of a second ahead of Switzerland's Vreni Schneider, who placed fourth.  
"It's great to win again," Walliser said. "I never considered I could get two golds." Walliser has a shot at another gold — which would equal teammate Erika Hess's record — in Thursday's giant slalom. "At the moment, I'm not thinking of it," she said. "It seems impossible to me that I could win three."  
Tucking low and staying close to the gates, Walliser, the defending overall World Cup champion dominated the hard, icy trail. "The visi-

## SCOREBOARD

### Hockey

#### National Hockey League Leaders

Team	W	L	Team	W	L
Edmonton	25	15	Los Angeles	24	16
Calgary	24	16	San Jose	23	17
St. Louis	23	17	Chicago	22	18
Philadelphia	22	18	Minnesota	21	19
Washington	21	19	Buffalo	20	20

### NHL Standings

Team	W	L	Team	W	L
Edmonton	25	15	Los Angeles	24	16
Calgary	24	16	San Jose	23	17
St. Louis	23	17	Chicago	22	18
Philadelphia	22	18	Minnesota	21	19
Washington	21	19	Buffalo	20	20

### Transition

Team	W	L	Team	W	L
Edmonton	25	15	Los Angeles	24	16
Calgary	24	16	San Jose	23	17
St. Louis	23	17	Chicago	22	18
Philadelphia	22	18	Minnesota	21	19
Washington	21	19	Buffalo	20	20

# Oxford Settles Rowing Row

*Compiled by Our Staff From Dispatches*  
**OXFORD, England**—Oxford University's rowing squad, cloaked in British sporting tradition, was almost torn apart by an angry U.S. oarsman who hurled soup at his coach. But harmony apparently returned Monday, allowing Oxford to field a strong eight-man team against Cambridge in March for the 1987 edition of the legendary boat race.  
The dispute had its roots in Oxford's importing world-class U.S. rowers to bolster its crew following its loss last year in the 178-year-old race of 44 miles (68.3 kilometers) on the River Thames.  
Differences in rowing style and training techniques led to bitter arguments as practice intensified for the March 28 meeting. At one point Chris Clark, one of five Americans on the Oxford squad, threw a cup of tomato soup at Coach Daniel Topolski.  
Clark, 27, a University of California graduate doing postgraduate work at Oxford, was thrown off the 20-member squad a week ago. He had been expected to be one of Oxford's eight oarsmen in the race.  
"His potential is wonderful, but he has to be handled like a hot-bone plant," said Topolski of Clark. "His presence has proved to be too destructive."

# Death Threat Made Against U.S. Skipper

By Angus Phillips  
*Washington Post Service*  
**FREEMANTLE, Australia**—A television station in Melbourne received a call Tuesday morning from an anonymous man who threatened to shoot America's Cup skipper Dennis Conner.  
The man, believed to be an Australian in his early 20s, telephoned the studios of Channel 10 at 2:40 A.M. and told the security guard who answered that Conner, the helmsman of Stars & Stripes, would be shot rather than allowed to remove the America's Cup from Australia.  
The guard spoke to the man for about two minutes.  
Stars & Stripes leads the best-of-seven series, 3-0; Conner could reclaim the cup for the United States with a victory on Wednesday.  
The caller said he would be leaving Melbourne for Fremantle — a distance of 1,500 miles (2,413 kilometers) — later Tuesday.  
The TV station alerted authorities in Melbourne, and Fremantle police, who immediately tightened security around the Stars & Stripes compound, advised Conner of the threat.  
"I'm taking it seriously," said Conner, 44. "My life is very important to me."  
It was the second time in two days that threats marred the world's most prestigious sailing regatta.  
An anonymous caller to a Sydney television station claimed that a bomb would explode aboard Kookaburra III during Monday's third race of the best-of-seven final.  
During the last leg of race, the Kookaburra III crew was informed of the threat. Skipper Ian Murray rejected the offer of pulling out, no explosion and no bomb was found during a post-race search of the yacht.  
Conner had called for a lay day on Tuesday, fearing the forecast for light breezes would better suit Kookaburra III, although Stars & Stripes has proven its superiority in all weather conditions. (UPI, AP)

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# The Electricity Of Neeme Järvi

**Russell Baker will be back Friday**

Järvi's emigration — he is now an American citizen and lives with his wife, Lillia, and their three children in New Jersey — has allowed him to fulfill most of his artistic dreams. But there are new battles to be fought. He is



In Sweden he has just finished recording the complete orchestral music of Eduard Tubin (1905-1983), an Estonian whose symphonic output Järvi puts on equal terms with Sibelius and Prokofiev; and his programs in Scotland this season have included music

*concerts in Singapore today and Thursday. It then gives five concerts in Hong Kong, nine in Japan and 13 in the United States, ending at Avery Fisher Hall, New York, March 15.*

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*Andrew Clark is a journalist and music critic based in Switzerland.*

to said: "Three times I've dreamed that I am smoking. In fact, just last night I dreamed that suddenly I had a big cigar in my hand, then I said, 'Holy mackerel!' And I let fly a big exclamation: 'I'm smoking, by golly.'"

Paul Simon, who was criticized for recording parts of his album

dance hopefuls.

Queen Margrethe II and Prince Henrik of Denmark are in Canberra on a nine-day visit to Australia. They were welcomed by Sir Ninian Stephen, the governor general. The visit is the first to Australia by Danish head of state.

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